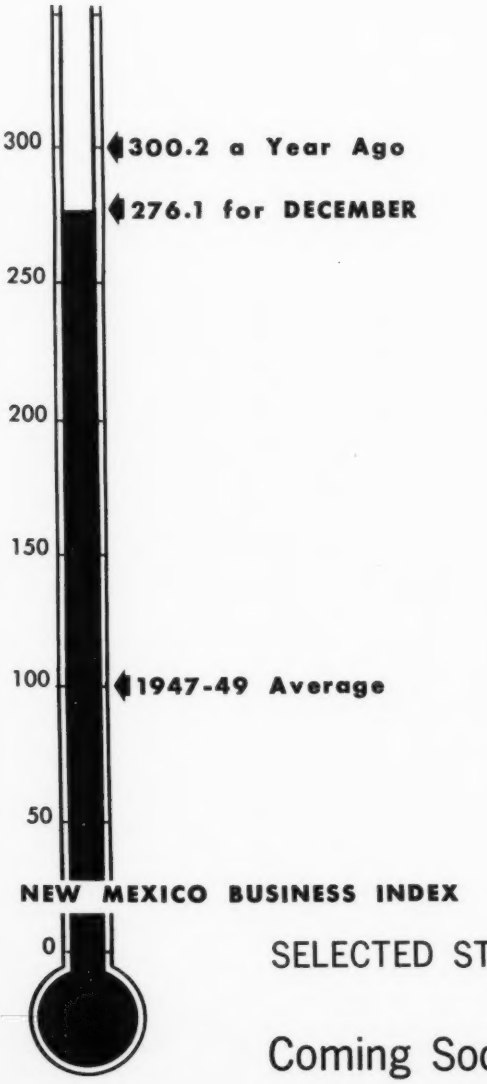
FEBRUARY 1961

Section One

New Mexico BUSINESS



Business activity in New Mexico during 1960 ended on a sour note. Our figures indicate that December business was 8 per cent below that of the same month in 1959. The drop represents the largest year-to-year decline during the current contraction of our business cycle. Probably of equal significance was the bare 1-per cent increase in our overall index from November to December. The usual pattern has been for December to bring the high point of a year's activity; however, in 1960 December's index was lower than indexes for six other months of the year. Also, since 1947, December activity has averaged almost 9 per cent above that of November. With only one exception (in a year when the accuracy of our data was doubtful), the current November-December increase is smaller than any other since 1947.

During December our employment situation also got a little softer. While for most of 1960 the monthly employment figure hovered about 2 per cent above that of 1959, in December it was up a bare 1.1 per cent. Four employment categories (construction, manufacturing, transport-utilities, and finance-insurance-real estate) were lower than in any previous month of 1960. As had been true virtually all year, the mining and the government sectors were primarily responsible for whatever strength total employment did show, with more than minor aid coming from the services group. December unemployment was the highest of the year, and 1961 started off with an even larger number of unemployed.

SELECTED STATISTICS ON HOUSING
IN NEW MEXICO, 1950 & 1960

Coming Soon--THE ANNUAL SUMMARY ISSUE

Business Activity in New Mexico

	December 1960	Year Earlier December 1959	Per Cent Change December 1960 from Nov. 1960	Per Cent Change December 1960 from Dec. 1959	INDEX December 1960 (Average Month 1947-49 = 100)
Index of Business Activity (1947-49 = 100)	276.1	300.2	+ 1.0	- 8.0	276.1
Sales data: Not available. See March 1959 issue of NEW MEXICO BUSINESS					
*Life Insurance Sales (1,000s)	$ 26,518	$ 31,355	+ 9.6	- 15.4	756.1
*Bank Debits, 35 banks (1,000s)	505,008	520,159	- 0.6	- 2.9	319.1[a]
Bank Loans and Discounts, 35 banks (1,000s)	59,410	56,419	+ 21.5	+ 5.3	351.6[a]
Demand Deposits, 35 banks (1,000s)	352,522	360,524	+ 2.8	- 2.2	189.2[a]
Time Deposits, 35 banks (1,000s)	148,401	129,513	+ 1.3	+ 14.6	419.1[a]
Business Failure Liabilities (1,000s)[b]	89	28	- 30.1	+ 215.0	310.9
Wage Workers in Nonagricultural Establishments	238,700	236,000	- 0.3	+ 1.1	180.0
in Mining	20,100	19,000	- 1.0	+ 5.8	165.3
in Contract Construction	17,500	19,100	- 10.7	- 8.4	138.7
*in Manufacturing	15,600	16,400	- 1.3	- 4.9	181.9
in Transportation and Utilities	20,300	20,600	- 0.5	- 1.5	127.0
in Trade	51,800	51,500	+ 3.0	+ 0.6	178.3
in Finance, Insurance, and Real Estate	9,400	9,600	+ 1.1	- 2.1	301.6
in Services and Miscellaneous	37,300	36,500	- 1.3	+ 2.2	171.8
in Government	66,700	63,300	+ 1.2	+ 5.4	226.8
Number of Insured Unemployed	9,037	5,957	+ 34.5	+ 51.7	--
Rate of Unemployment (per cent of labor force)	4.69	3.14	+ 33.2	+ 49.4	301.8
Construction Contracts Awarded (value in 1,000s)	$ 8,981	$ 24,716	- 21.7	- 63.7	--
Residential (value in 1,000s)	$ 3,523	$ 5,966	- 38.7	- 40.9	--
Number of Permits	230	468	- 43.2	- 50.9	--
Floor Area (1,000 sq ft)	331	569	- 38.6	- 41.8	--
Nonresidential (value in 1,000s)	$ 2,884	$ 11,444	- 38.2	- 74.8	--
Floor Area (1,000 sq ft)	218	811	- 36.3	- 73.1	--
Heavy Engineering (value in 1,000s)	$ 2,574	$ 7,306	+144.2	- 64.8	--
*Petroleum Production (1,000s of bbls)	8,361	8,872	- 4.4	- 5.8	220.4
Natural Gas Production (millions of cu ft)	79,104	72,398	+ 9.2	+ 9.3	491.8
*Electric Power Production (1,000s of kwhs)	270,410	282,597	+ 2.2	- 4.3	306.4
*Index of Total Metallics Production (1947-49 = 100)	75.7	17.2	+ 2.0	+ 338.7	75.7
Mine Production - Copper (1,000s of lbs)	10,800	300	+ 1.9	+3,500.0	102.2
Mine Production - Lead (1,000s of lbs)	360	460	+ 5.9	- 21.7	34.7
Mine Production - Zinc (1,000s of lbs)	2,230	2,240	+ 1.4	- 0.4	34.9
*Mine Production - Potash (1,000s of tons)	1,346	1,266	+ 6.0	+ 6.4	336.3
Index of All Farm Prices (1947-49 = 100)	97.6	96.9	+ 1.8	+ 0.7	97.6
Index of Livestock Prices	102.3	101.0	+ 1.0	+ 1.3	102.3
Index of Crop Prices	93.7	94.4	+ 4.9	- 0.7	93.7
Receipts from All Farm Marketings (1,000s)	$ 26,612	$ 22,144	- 13.1	+ 20.3	132.4
Livestock and Products	6,123	5,780	- 33.9	+ 5.9	100.4
Crops	20,489	16,364	- 4.4	+ 25.2	147.0

	January 1961	Year Earlier January 1960	Per Cent Change January 1961 from Dec. 1960	Per Cent Change January 1961 from Jan. 1960	INDEX January 1961 (Average Month 1947-49 = 100)
Bank Debits, 34 banks (1,000s)	$509,446	$491,972	+ 1.3	+ 3.6	323.2[a]
Bank Loans and Discounts, 34 banks (1,000s)	53,453	48,014	- 9.5	+ 11.3	318.2[a]
Demand Deposits, 34 banks (1,000s)	338,806	341,302	- 3.1	- 0.7	183.3[a]
Time Deposits, 34 banks (1,000s)	145,411	126,970	- 1.3	+ 14.5	413.7[a]
Wage Workers in Nonagricultural Establishments	234,600	229,200	- 1.7	+ 2.4	176.9
Number of Insured Unemployed	10,839	7,825	+ 19.9	+ 38.5	--
Rate of Unemployment (per cent of labor force)	5.65	4.19	+ 20.5	+ 34.8	363.5
*Building Permits, total 18 cities (1,000s)	$ 5,143	$ 5,526	+ 7.5	- 6.9	178.8[a]
Residential	2,879	3,830	+ 36.0	- 24.8	161.5[a]
Nonresidential	1,700	1,176	- 7.5	+ 44.6	232.9[a]
Other	564	520	- 32.1	+ 8.4	155.4[a]
Index of All Farm Prices (1947-49 = 100)	102.4	99.0	+ 4.9	+ 3.4	102.4
Index of Livestock Prices	108.7	104.0	+ 6.3	+ 4.5	108.7
Index of Crop Prices	94.0	93.7	+ 0.3	+ 0.3	94.0

*Indexes for these items are used to compute the Index of Business Activity.
[a]Although the number of reporting units changes, the indexes for these items are comparable with indexes for preceding months.
[b]The figures in this series are based on the average of three months' data.

Sources:
Retail Sales Data: N. M. Bureau of Revenue
Potash Production: N. M. Bureau of Revenue
Petroleum and Natural Gas Production: N. M. Oil Conservation Commission
Life Insurance Sales (New Ordinary): Life Insurance Agency Management Association
Wage Workers and Unemployment: N. M. Employment Security Commission and U. S. Department of Labor
Electric Power Production: Federal Power Commission
Metallics Production: U. S. Bureau of Mines
Farm Prices and Marketings: U. S. Agricultural Marketing Service
Bank Data (all series) and Building Permits: Bureau of Business Research
Business Failure Liabilities: Dun & Bradstreet, Inc.
Construction Contracts: F. W. Dodge Corporation

SELECTED HOUSING CHARACTERISTICS

New Mexico and Selected Cities, 1950 and 1960

	THE STATE		ALBUQUERQUE METROPOLITAN AREA[1]		ALAMOGORDO		ALBUQUERQUE	
	1950	1960	1950	1960	1950	1960	1950	1960
Total Housing Units[2]	199,706	281,976	43,443	76,809	2,026	6,638	30,652	60,930
Owner-Occupied Units	104,131	163,918	24,957	48,908	1,032	4,268	17,308	39,592
White	97,105	154,189	24,458	47,991	1,001	4,166	17,109	39,012
Nonwhite	7,026	9,729	499	917	31	102	199	580
Renter-Occupied Units	72,862	87,291	15,283	22,670	866	1,564	11,216	17,695
White	69,989	82,466	14,869	21,548	823	1,433	10,922	16,762
Nonwhite	2,873	4,825	414	1,122	43	131	294	933
Vacant Units, Total[3]	21,914	30,767	3,049	5,231	102	806	2,024	3,643
Year Round, for sale	1,183	2,593	609	843	16	176	525	738
Year Round, for rent	4,688	8,802	1,083	2,334	47	469	827	1,980
Seasonal	4,248	8,961	150	534	--	6	51	310
Sound Units with Complete Plumbing[4]	96,473	192,579	28,698	66,608	948	5,492	22,462	54,381
Dilapidated Units[5]	27,332	17,091	3,179	3,174	441	351	1,779	2,033

	ARTESIA		CARLSBAD		CLOVIS		FARMINGTON	
	1950	1960	1950	1960	1950	1960	1950	1960
Total Housing Units[2]	2,590	3,729	5,673	8,056	5,692	7,627	1,148	6,979
Owner-Occupied Units	1,261	2,245	2,774	4,939	2,841	4,268	629	4,575
White	1,197	2,171	2,711	4,833	2,774	4,118	626	4,511
Nonwhite	64	74	63	106	67	150	3	64
Renter-Occupied Units	1,081	1,230	2,428	2,338	2,307	2,842	442	1,896
White	1,023	1,196	2,313	2,238	2,182	2,556	422	1,748
Nonwhite	58	34	115	100	125	286	20	148
Vacant Units, Total[3]	238	254	456	779	526	517	58	508
Year Round, for sale	16	37	72	100	43	110	6	64
Year Round, for rent	52	47	235	423	283	222	7	288
Seasonal	4	84	--	26	2	21	31	86
Sound Units with Complete Plumbing[4]	1,757	2,749	4,104	6,009	4,163	5,738	823	6,072
Dilapidated Units[5]	454	320	584	476	464	451	51	215

	GALLUP		GRANTS		HOBBS		LAS CRUCES	
	1950	1960	1950	1960	1950	1960	1950	1960
Total Housing Units[2]	2,606	3,628	659	2,607	4,631	8,337	3,622	8,453
Owner-Occupied Units	1,172	1,971	304	1,275	2,245	5,093	1,740	4,995
White	1,114	1,875	na	1,266	1,983	4,754	1,685	4,895
Nonwhite	58	96	na	9	262	339	55	100
Renter-Occupied Units	1,196	1,495	260	1,220	1,955	2,431	1,606	2,779
White	995	1,216	na	1,188	1,775	2,160	1,574	2,659
Nonwhite	201	279	na	32	180	271	32	120
Vacant Units, Total [3]	230	162	95	112	409	813	247	679
Year Round, for sale	9	26	na	8	16	133	26	69
Year Round, for rent	66	43	na	57	102	378	89	374
Seasonal	14	50	na	33	2	115	15	55
Sound Units with Complete Plumbing[4]	1,487	2,770	264	1,921	2,785	6,521	1,890	6,520
Dilapidated Units[5]	365	192	na	137	1,000	498	693	402

	LOS ALAMOS		ROSWELL		SANTA FE	
	1950	1960	1950	1960	1950	1960
Total Housing Units[2]	3,003	3,721	8,084	12,540	7,468	9,610
Owner-Occupied Units	152	125	4,094	7,110	3,848	5,696
White	152	123	4,003	6,940	3,831	5,662
Nonwhite	--	2	91	170	17	34
Renter-Occupied Units	2,484	3,359	3,529	4,348	3,223	3,432
White	2,478	3,337	3,364	4,037	3,175	3,363
Nonwhite	6	22	165	311	48	69
Vacant Units, Total[3]	360	237	369	1,082	348	482
Year Round, for sale	1	--	40	131	21	39
Year Round, for rent	85	227	158	487	80	180
Seasonal	--	--	9	138	20	142
Sound Units with Complete Plumbing [4]	2,702	3,655	5,357	9,955	4,595	7,803
Dilapidated Units[5]	11	28	822	587	746	305

(1)The city and its surrounding area which together form an integrated social and economic system

(2)A housing unit: one room or more intended for occupancy as separate living quarters. The 1950 totals include "non-resident" (temporary) units.

(3)Also includes nonseasonal units not for rent or sale.

(4)Private toilet and bath and hot running water

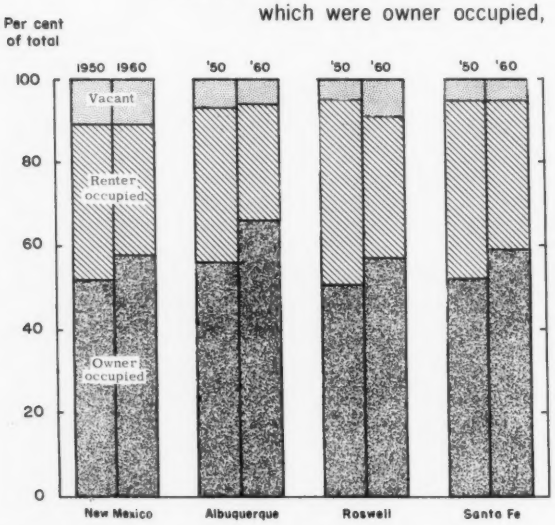
(5)Units failing to provide safe and/or adequate shelter

Source: U.S. Bureau of the Census.

CHART-OF-THE-MONTH

Volume 14, Number 2: Section 1

Percentages of total housing units in the State and in three major cities which were owner occupied, renter occupied, or vacant at the time of the 1960 Census differed little from those in 1950.



New Mexico Business Is Published Monthly by The Bureau of Business Research College of Business Administration

The University of New Mexico, Albuquerque

Subscription Price: Four Dollars Per Year

MEMBER: ASSOCIATED UNIVERSITY BUREAUS OF BUSINESS AND ECONOMIC RESEARCH

Entered as second-class matter January 31, 1949, at the post office at Albuquerque, New Mexico, under the act of August 24, 1912.

Ralph L. Edgel
Director

Vicente T. Ximenes
Associate Economist

Rudyard B. Goode
Statistician

Arthur A. Blumenfeld
Assistant Economist

Harold W. Corley
Field Representative

Margaret I. Meaders
Editor

Patricia A. Byrnes
Statistical Clerk

Shirley J. Huzarski
Records Supervisor

Sue A. Hawley
Statistical Clerk

Grace M. Martinez
Statistical Clerk

Bonnie E. Flowers
Statistical Clerk

Anita S. Park
Adm. Secretary

Louise M. Laval
Secretary

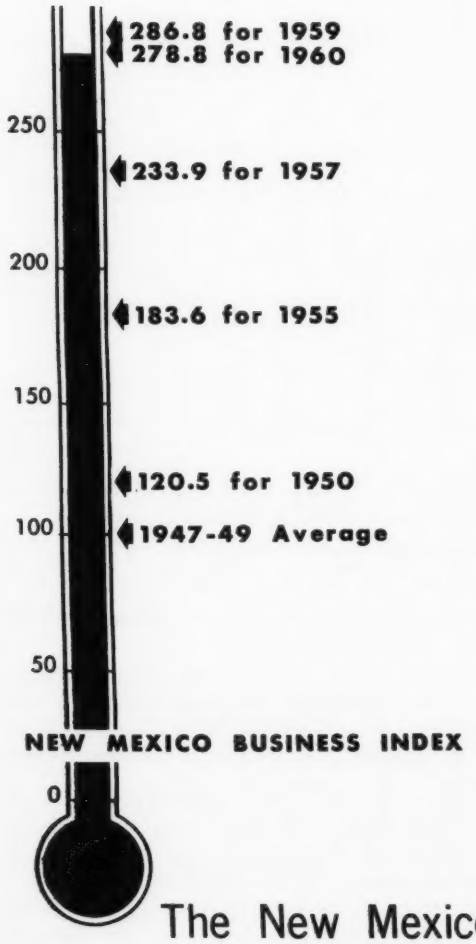
NEW MEXICO BUSINESS
Bureau of Business Research
The University of New Mexico
1821 Roma Avenue, N.E.
Albuquerque, N. M.

FEBRUARY 1961

ANNUAL SUMMARY OF

New Mexico BUSINESS

in 1960



New Mexico's Economy in 1960	3
Employment and Income	6
Agriculture	12
Mining	17
Manufacturing	33
Utilities and Transport	36
Construction	43
Trade	48
Finance	56

The New Mexico Economy During 1960.
Articles, Charts, Tables, Maps.

1960 INDEXES OF BUSINESS ACTIVITY IN NEW MEXICO

(Monthly Average 1947-49 = 100)

	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec	Monthly Average
Index of Business Activity	281.3	269.8	285.4	281.1	280.0	285.9	272.7	295.6	275.5	269.4	273.4	276.1	278.8
Sales of Retail Stores	231.1	210.4	193.4	291.9	203.3	255.5	248.4	239.7	225.5	216.0	204.6	248.8	230.7
Apparel Stores	221.8	128.4	129.4	213.5	168.3	188.4	174.7	175.6	157.4	174.7	162.1	286.3	181.7
Automotive Dealers	199.9	193.3	180.0	398.0	127.7	332.9	248.4	237.0	218.2	210.2	188.9	226.0	230.1
Subsistence Stores	250.7	212.3	214.9	239.1	232.2	243.6	264.9	262.6	230.8	224.2	232.1	242.7	237.5
Furniture & Appliances	165.5	190.4	138.7	191.9	158.7	147.4	181.6	168.2	162.1	159.8	159.9	197.7	168.5
Building Materials Dealers	183.8	211.6	203.7	248.9	241.6	247.0	251.7	231.7	252.1	219.9	193.9	180.6	222.2
Other Retail Stores	276.9	242.7	206.9	284.3	253.1	229.7	260.4	252.4	243.4	232.8	218.1	305.4	250.5
Amusement Sales	186.4	173.2	164.5	266.1	197.4	199.1	210.3	217.8	323.8	160.9	143.9	159.2	200.2
Service Sales	376.4	340.5	359.5	429.6	381.0	357.6	415.9	357.4	376.9	346.8	371.8	378.5	374.3
Contractors' Sales	470.6	532.4	409.0	537.2	508.7	452.6	490.9	519.0	546.6	437.0	461.2	466.3	485.9
Wholesale Sales	214.0	195.5	157.8	234.0	207.5	227.6	206.5	211.5	223.4	191.4	270.2	201.0	211.7
Public Utilities' & Carriers' Sales	373.6	470.9	319.6	393.7	366.3	357.1	317.2	417.2	352.3	383.8	330.4	349.8	369.3
Life Insurance Sales	525.1	584.2	650.3	692.5	647.8	742.7	636.8	711.7	677.3	640.3	689.6	756.1	662.9
Bank Debits, 36 banks	309.1	300.8	313.4	303.1	305.5	318.0	298.0	326.6	305.4	305.4	321.0	319.1	310.4
Bank Loans & Discounts, 36 banks	284.1	281.3	291.7	296.1	299.7	272.4	266.4	305.0	271.4	266.0	289.4	351.6	289.6
Demand Deposits, 36 banks	185.2	181.9	181.2	177.4	177.8	176.9	176.9	176.2	177.6	183.1	184.0	189.2	180.6
Time Deposits, 36 banks	360.6	365.6	372.9	371.8	379.2	386.8	382.9	390.2	399.6	407.6	413.7	419.1	387.5
Business Failure Liabilities	257.6	400.0	508.3	410.5	218.3	253.3	1,212.2	1,908.3	1,191.3	673.4	444.5	310.9	649.0
Wage Employment	172.8	174.5	175.4	178.5	180.0	182.2	180.4	179.4	181.0	180.0	180.4	180.0	178.7
in Mining	168.6	166.1	165.3	171.1	172.7	171.1	171.1	169.4	167.8	165.3	166.1	165.3	168.6
in Contract Construction	134.8	142.7	149.0	151.4	154.6	155.4	158.6	158.6	156.2	154.6	155.4	138.7	150.6
in Manufacturing	190.1	191.3	192.4	193.6	193.6	199.4	194.8	190.1	185.4	181.9	181.9	181.9	190.1
in Transportation & Utilities	126.3	127.0	127.0	127.0	128.2	127.6	129.5	127.6	128.2	128.2	128.2	127.0	127.6
in Trade	166.6	164.8	165.5	169.3	170.7	175.2	175.2	175.9	175.2	172.1	173.1	178.3	171.7
in Finance, Ins. & Real Estate	298.4	301.6	301.6	304.8	304.8	308.0	311.2	308.0	304.8	301.6	298.4	301.6	304.8
in Services & Miscellaneous	164.4	165.8	166.7	169.9	174.1	179.6	177.3	175.0	176.4	175.0	174.5	171.8	172.7
in Government	210.2	215.3	214.9	218.7	218.3	218.3	210.9	210.9	220.4	223.1	223.8	226.8	217.7
Insured Unemployment	269.5	303.9	299.7	243.5	197.6	172.0	184.3	177.9	171.3	184.7	226.4	301.8	227.7
Building Permits, total 18 cities	192.2	267.4	298.2	306.6	306.5	342.3	232.6	309.1	273.3	177.3	255.4	166.4	260.6
Residential	214.8	252.2	261.5	264.0	210.2	286.6	260.6	209.0	249.6	154.8	191.9	118.7	222.8
Nonresidential	161.1	336.2	232.1	418.8	320.0	496.3	177.8	556.9	350.7	209.5	404.7	251.7	326.3
Other	143.4	204.4	611.5	290.3	752.5	306.2	205.2	303.0	233.9	222.8	266.8	228.8	314.1
Petroleum Production	235.4	225.0	233.7	219.5	228.4	221.3	231.9	235.6	229.3	233.9	230.9	220.4	228.8
Natural Gas Production	482.7	432.0	450.9	396.3	409.4	379.5	390.9	407.9	377.3	419.2	450.4	491.8	424.0
Electric Power Production	335.5	323.4	340.7	332.2	302.9	300.8	309.6	375.4	323.8	303.7	299.9	306.4	321.2
Metallics Production - Total	93.1	113.1	86.1	78.1	67.7	50.3	69.0	81.1	74.8	76.2	74.2	75.7	78.3
Mine Production - Copper	134.5	163.6	117.7	105.5	88.1	57.9	92.7	108.4	100.6	103.7	100.3	102.2	106.3
Mine Production - Lead	18.9	44.7	53.4	37.6	40.1	38.2	29.7	35.8	28.3	29.9	32.8	34.7	35.4
Mine Production - Zinc	34.0	40.9	37.8	35.6	35.5	35.5	33.3	40.8	37.0	32.3	34.5	34.9	36.0
Mine Production - Potash	324.5	304.6	325.1	263.9	326.2	292.3	237.7	319.4	322.7	332.8	317.3	336.3	308.6
All Farm Prices	99.0	99.7	103.1	102.1	100.0	97.9	96.2	91.0	93.1	95.2	95.9	97.6	97.6
Livestock Prices	104.0	107.7	112.1	109.4	105.7	103.4	100.7	95.0	98.0	100.3	101.3	102.3	103.3
Crop Prices	93.7	87.3	88.1	91.3	92.9	92.1	92.9	87.7	87.7	89.3	89.3	93.7	90.5
All Farm Marketings	118.7	88.5	99.5	92.7	112.7	113.3	133.0	104.3	90.2	130.5	152.3	132.4	123.3
Livestock & Products	114.6	112.6	112.7	90.9	99.2	83.5	87.4	96.0	107.3	142.9	151.9	100.4	121.1
Crops	125.2	64.4	67.7	96.7	171.2	187.7	185.5	117.8	66.2	98.8	153.7	147.0	126.5

Sources:
Retail Sales Data: N. M. Bureau of Revenue
Potash Production: N. M. Bureau of Revenue
Petroleum and Natural Gas Production: N. M. Oil Conservation Commission
Life Insurance Sales (New Ordinary): Life Insurance Agency Management Association
Wage Workers and Unemployment: N. M. Employment Security Commission and U. S. Department of Labor
Electric Power Production: Federal Power Commission
Metallics Production: U. S. Bureau of Mines
Farm Prices and Marketings: U. S. Agricultural Marketing Service
Bank Data (all series) and Building Permits: Bureau of Business Research, UNM
Business Failure Liabilities: Dun & Bradstreet, Inc.

A NOTE ON TABLES

Our readers are warned that they may find among the many tables in this issue figures in one table that won't agree with those in another. This fact is confusing! Which are correct?

All are correct within the limits of reporting accuracy, but they measure different things or different aspects of the same thing. Take the employment figures, for example. One figure measures total employment, including that of the armed services; one measures total civilian employment, including proprietors and persons self-employed, wage workers, and unpaid family workers; one measures all wage workers; one measures exclusively the nonfarm wage workers, defined as "employment in nonagricultural establishments."

Because of the difficulties inherent in the data and the likelihood of confusion, we'd like to make a few suggestions which will facilitate use of tables in any issue.

1. In order to determine exactly what the figures are or what they measure, the time to

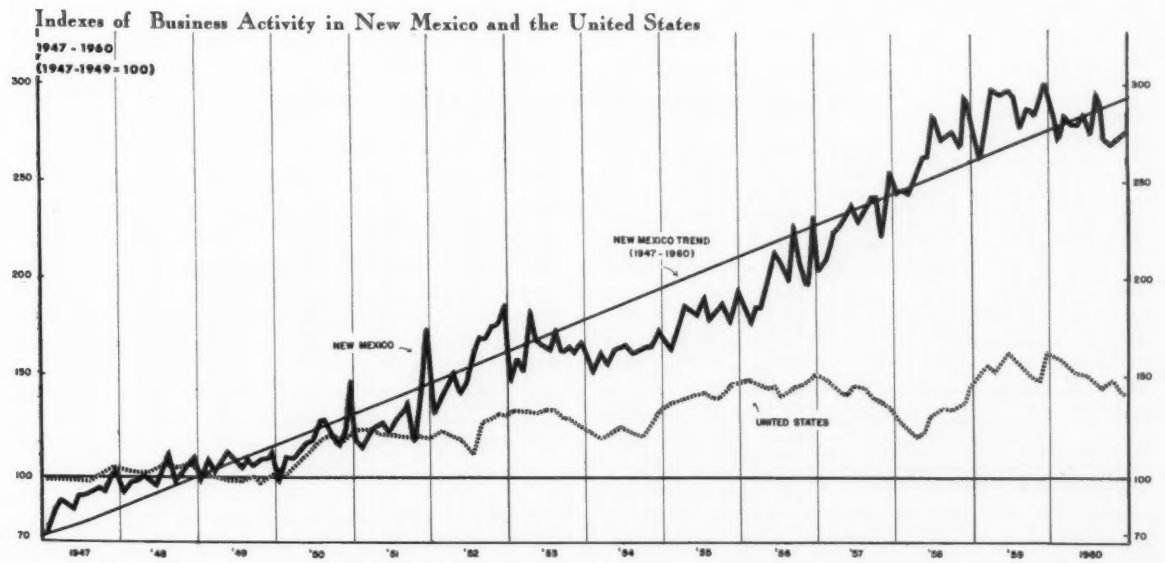
(Continued on Page 60)

New Mexico's Economy in 1960

Widely heralded as the inaugural year of the Soaring Sixties, 1960 in retrospect seems more like the Finis of the Flowering Fifties in New Mexico. For, according to available evidence, instead of introducing a new period of growth, the year appears to have marked the end of a long period of rapid and steady expansion of New Mexico's economy which has persisted since the close of World War II. It was the first year in which any of the four postwar national recessions has seriously interrupted the strong upward trend of postwar expansion in the State by dropping the Index of Business Activity significantly below its level of the preceding year.

Previous national recessions have, of course, made their influence felt in this state's business activity, as can be seen from an inspection of the chart at the bottom of this page; but their effects have simply been to slow down the rate of growth rather than to bring any significant decline in the level of business. Of the three preceding postwar recessions, only that in 1954 was severe enough to drop the Index below its average of the preceding year--and then only by an insignificant one index point. The 1949-50 recession was hardly felt in New Mexico; and in 1958, while the nation struggled with another recession, this state actually experienced its most rapid expansion of the postwar period. But 1960, in contrast to former recession years, did bring economic slowing, as it did for the nation as a whole. Yet the drop of eight points in the Index can hardly be regarded as indicative of a severe setback.

New Mexico business experience in 1960 thus bore out the portents of developments during the last half of 1959. For, although most segments of the economy set new high records in the early part of 1959 (and for the year as a whole), during the latter part of the year signs of weakening activity were evident in many spots, particularly



in construction and in mining--the two industries which played the key roles in establishing the tone of New Mexico business in 1960.

Construction proved to be the bellwether, as it has been throughout the postwar period. Indeed, one could almost say that "as construction goes, so goes New Mexico business," for in each of the postwar recession years the course of business in the State has followed that of construction activity. In 1949-50 the surge of construction served to carry our business to new heights, while the nation's languished. In 1954, construction leveled off; and the State's economy marked time, while that of the nation lagged. In 1958, New Mexico's construction experienced its biggest postwar boom, and the State's economy set new records; but the nation experienced its worst postwar recession. In 1960, New Mexico's construction fell sharply, with the State experiencing its first real postwar recession.

Any attempt to explain New Mexico's postwar growth or its fluctuations in terms of fluctuations within any single industry is, of course, an unwarranted oversimplification of the issues. Construction has appeared to provide the margin which has made the difference between recession and prosperity during the critical years of the postwar period, but booming construction has merely reflected the strong expansionary influence being felt in virtually all segments of the State's economy--expansion which has accounted for the rising trend of construction activity. The most constant and probably the most pervasive of these influences has been the growth of federal government activities, most of which have contributed heavily to booming construction. Other activities--sometimes associated with government--have contributed less constantly, but at various periods have contributed even more importantly than government has to the State's continued growth in the face of national recessions.

In 1949-50 the marked expansion of manufacturing and services provided the stimulus needed to offset the effects of nationwide economic trouble. In 1958 another surge in manufacturing and services enabled the State's economy to weather a national recession without a visible tremor. In 1954, stepped-up activity in oil, natural gas, and potash virtually offset the temporary cessation of expansion in other fields. And in 1960, mining again stepped into the breach to stem the down-turn.

Indeed, mining proved to be the principal bulwark against serious decline in New Mexico business last year. Despite the abrupt curtailment of exploratory activities in petroleum (with consequent marked impact on employment), mining as a whole did more to stem the recession in this state than any other major industry. The major metallics staged a comeback; potash production expanded despite impending threats of Canadian competition; the settlement (at least temporarily) of uncertainties in the uranium situation resulted in stabilizing production at levels somewhat above those of 1959; and production of both oil and gas reached new highs.

Any real assessment of the 1960 recession in New Mexico should be prefaced by the recognition

1. THE INDEX OF BUSINESS ACTIVITY IN NEW MEXICO,* 1947-1960
(Monthly Average 1947-1949 = 100)

	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec	Monthly Average
1947	71.1	83.6	88.8	88.3	85.0	90.7	90.2	92.9	95.5	92.3	102.2	103.4	90.3
1948	93.2	98.0	97.6	100.7	99.0	97.5	105.4	116.3	99.4	103.2	106.5	112.4	102.5
1949	98.4	110.7	104.7	108.2	109.9	111.7	107.8	113.8	106.2	108.9	112.1	118.8	109.2
1950	99.7	111.2	109.5	115.2	117.5	118.0	130.2	131.4	120.7	117.7	123.3	151.2	120.5
1951	119.5	117.4	124.0	125.6	123.5	121.6	130.4	132.6	138.5	119.3	139.4	161.4	129.4
1952	132.8	143.2	146.9	154.2	145.9	148.6	166.1	173.4	172.5	179.9	177.4	191.1	161.0
1953	148.4	161.2	155.1	186.2	172.3	169.7	168.1	176.2	165.0	168.5	164.9	170.8	167.2
1954	163.3	154.9	166.0	159.8	166.3	168.5	168.7	164.7	165.7	168.4	168.5	177.0	166.0
1955	170.4	167.0	176.1	189.4	186.0	184.8	192.8	181.9	187.5	189.2	181.5	196.2	183.6
1956	192.4	180.2	188.8	189.3	202.8	208.5	203.9	204.9	231.6	209.3	201.8	234.3	205.2
1957	210.3	213.2	226.9	229.4	235.5	241.4	234.1	240.0	244.8	245.9	225.5	260.1	233.9
1958	239.1	242.0	241.5	250.4	261.8	262.2	280.8	267.9	270.6	275.2	266.1	293.8	262.6
1959	279.7	259.6	290.2	298.3	294.4	295.3	292.9	275.9	285.0	284.7	285.6	300.2	286.8
1960	281.3	269.8	285.4	281.1	280.0	285.9	272.7	295.6	275.5	269.4	273.4	276.1	278.8

*Revised from previously published figures
Source: Bureau of Business Research

2. NEW MEXICO'S CHANGING ECONOMY

As Reflected in Average Monthly Employment [1]

	1947		1959[2]		1960		Change: 1947 - 1960	
	Number of Workers (000s)	Percentage of Total	Number of Workers (000s)	Percentage of Total	Number of Workers (000s)	Percentage of Total	Number of Workers (000s)	Per Cent Change
All Industries	202.5	100.0	339.8	100.0	339.0	100.0	+136.5	+ 67.4
Agriculture	50.6	25.0	40.2	11.8	36.2	10.7	- 14.4	- 28.5
Mining	14.2	7.0	20.0	5.9	21.1	6.2	+ 6.9	+ 48.6
Manufacturing	10.3	5.1	18.9	5.5	18.3	5.4	+ 8.0	+ 77.7
Construction	12.0	5.9	25.9	7.6	22.7	6.7	+ 10.7	+ 89.2
Transportation & Utilities	15.3	7.6	23.0	6.8	23.1	6.8	+ 7.8	+ 51.0
Trade	35.7	17.6	63.1	18.6	64.3	19.0	+ 28.6	+ 80.1
Finance	3.5	1.7	11.5	3.4	12.1	3.6	+ 8.6	+245.7
Services	25.7	12.7	52.4	15.4	54.0	15.9	+ 28.3	+110.1
Government	35.2	17.4	84.8	25.0	87.2	25.7	+ 52.0	+147.7
State & Local	(16.2)	8.0	(32.9)	9.7	(35.3)	10.4	(+ 19.1)	+117.9
Federal	(10.0)	4.9	(27.9)	8.2	(28.7)	8.5	(+ 18.7)	+187.0
Military	(9.0)	4.5	(24.0)	7.1	(23.2)	6.8	(+ 14.2)	+157.8

(1) Total employment includes wage and salary workers, proprietors and self-employed, domestic workers, and military personnel.
(2) Revised from figures previously published
Sources: Bureau of Business Research based on reports and information from N. M. Employment Security Commission and U. S. Bureau of Census

that by comparison with prior years 1960 was a boom year, with the general level of business activity second only to that in 1959 and with levels in some industries considerably exceeding those of any previous year. At the same time, it was also a year which, with few exceptions, witnessed sharp cutbacks in business activity, the State's highest postwar level of unemployment, and an apparent halt to the soaring expansion of the economy. Indeed, it was a year of contradictions.

On the basis of most available information, 1960 should have been a prosperous year. Nonagricultural employment gained modestly, and total personal income continued to push upward--a combination of forces which would ordinarily provide fair assurance of a prosperous year for business and the economy, generally. Yet business activity as a whole dropped sharply, and the State's economy could truly be said to have encountered a recession--its first of the postwar period.

Also, while business activity seemed merely to mark time or even to sag, the year witnessed a number of encouraging developments which appeared to hold good promise of a renewed era of development and expansion, which could carry the bellwether construction industry to new highs, as industries of divers kinds establish themselves or expand their operations in New Mexico. But before indicating the nature of these encouraging developments, it is desirable to examine the developments leading to the 1960 recession.

While it is not possible to discern all factors contributing to the apparent termination of the postwar boom in this particular year, certain clearly apparent developments seem to have been important. Among these is the fact that the influx of people during the last 15 years has been so rapid as to make it difficult for the State's industries, even with their rapid growth, to provide employment in sufficient volume to absorb the entire increase in the labor force. Thus we have witnessed the phenomenon of an expanding employment accompanied by a rising and, in 1959 and 1960, a relatively high level of unemployment. Whether because of awareness of this situation or for other reasons, the migration to the State has slowed perceptibly during the last two years, so that the home-building industry, having geared its volume to the demands of a rapid influx of people, found itself considerably overbuilt and overexpanded in the latter part of 1959. The necessary adjustment of the industry to this situation brought about a contraction of employment and income more than sufficient to account for the overall decline in the State's economy, and without the timely expansion in mining the recession would have been much worse than that which actually was experienced.

However, the impact of the contraction in construction was not limited to its immediate effects upon the construction industry; it necessarily spread to other activities, particularly the retail trades. Thus, although total employment and income were rising, both had to be spread among more workers. Consequently, a number of families found themselves with less work and smaller incomes than they had had in 1959; and even those who did not suffer curtailed incomes developed a

caution which was reflected in a marked rise in savings. Moreover, these events, coming concurrently with the national business downturn and accompanied by thorough public airing of the seriousness of the situation, inevitably heightened the cautious attitude among consumers, locally as well as nationally.

Therefore, despite the fact that consumers had more personal income than ever, per capita as well as total expenditures in the State's retail establishments dropped, with the usual repercussions upon the level of business activity. The impact of this decline in retail trade (as well as in other lines of business) was aggravated by the fact that it occurred at the very time that the number of establishments, particularly retail stores, was undergoing one of the most rapid expansions of the entire postwar era, in anticipation of continued expansion of the population at a rate approaching that of the years preceding 1959. As a result, the declining volume of business had to be shared by a larger number of establishments. This situation, of course, produced intensified competition followed by declining profits and increasing business failures.

Such, then, was the general sequence of events which led to recession in a year of rising employment and income. Yet, despite its generally gloomy tone, the year witnessed more developments of a really promising nature than have many years characterized by rapid expansion. Firms of national standing are showing awareness of the increasing importance of New Mexico as an area admirably suited to research activities and to development as a supply center for the West and the Southwest. For example, last year three substantial national concerns--Fairbanks-Morse, Curtiss-Wright, and Sparton--committed themselves to setting up their own research and development facilities in Albuquerque. The well-publicized decision of Swift to locate in Clovis constitutes recognition by a national packer of the strategic position of the State with respect to rapidly growing western markets. Like the establishment earlier of the Ideal Cement Plant, the building of two modern gypsum-products plants--American's and Kaiser's--are practical expressions of the expectation that building will continue in this area in order to accommodate future expansion. The completion and approval of plans for the generating plant to be built by Arizona Public Service Company near Farmington laid the groundwork for the development of the vast potential of the San Juan Basin. The establishment of the CCC Division of Air Products at Carlsbad, of Cork Development Company at Deming, and of numerous other undertakings at various places throughout the State provided concrete evidence of expansionary influences at work.

All of these developments, as well as many others, represent decisions of private enterprise, based on careful study and appraisal and backed by the confidence of private investors, to commit capital and labor and ideas to the proposition that New Mexico's industrial outlook is a healthy and promising one. Although the long-range significance of these developments cannot be assessed accurately, they appear most encouraging; and they may well have set the stage for another period of rapid industrial development in New Mexico.

R. L. E.

Employment and Income

The most comprehensive single picture of New Mexico's developing economy is provided by an examination of the changing size and distribution of employment as shown in Table 2. The contrast between the situation near the beginning and that at the end of the postwar period gives considerable insight into the sources of postwar growth. The important part played in the State's economy by the federal government's combined civilian and military activities is quite apparent, as is the altered role of agriculture. Federal activities have exercised additional importance by contributing to the growth of the private sector of the economy, particularly in manufacturing and the services, in which employment has been stimulated by the extensive research and development activities associated with federal defense programs.

Within the private, nonagricultural sector of the economy the finance group has shown the most rapid rate of growth; and, although its impact as measured by the increase in the number of workers has not been so great as that of most other groups, its increasing relative importance attests to the growing economic maturity of the State. A similar observation is justified concerning the

3. EMPLOYMENT AND WAGES IN NEW MEXICO
1959 & 1960

	WAGE & SALARY WORKERS (monthly average)			WAGES PAID (millions of dollars)		
	1959[2]	1960	Per Cent Change	1959[2]	1960	Per Cent Change
Agriculture	16,300	12,200	-25.2	$ 32.0	$ 25.0	-21.9
Mining	19,310	20,500	+ 6.2	116.8	127.6	+ 9.2
Manufacturing	16,800	16,200	- 3.6	86.6	87.4	+ 0.9
Construction	22,040	19,000	-13.8	106.7	97.6	- 8.5
Transportation & Utilities	21,770	21,800	+ 0.1	104.6	103.7	- 0.9
Trade	48,850	49,900	+ 2.1	168.7	171.0	+ 1.4
Finance, Insurance, & Real Estate	9,300	9,500	+ 2.2	37.9	38.6	+ 1.8
Services & Miscellaneous	42,100	43,600	+ 3.6	161.0	161.7	+ 0.4
Government	84,800	87,200	+ 2.8	373.0	391.6	+ 5.0
Federal[3]	(51,900)	(51,900)	0.0	(256.0)	(261.4)	+ 2.1
State & Local	(32,900)	(35,300)	+ 7.3	(117.0)	(130.2)	+11.3
TOTAL	281,270	279,900	- 0.5	$1,187.3	$1,204.2	+ 1.4

(1) Wage and salary workers figures are not comparable to N. M. Employment Security Commission employees in nonagricultural establishments because the above data include persons not reported by the State Agency. The above table includes agricultural workers, additional railroad workers, household employees, and military personnel.
(2) Revised from figures previously published
(3) Includes civil service, military and University of California employees at Los Alamos. However, N. M. Employment Security Commission reports Los Alamos employees in the state and local government category.
Sources: Bureau of Business Research, based on reports of N. M. Employment Security Commission, U.S. Bureau of the Census, U.S. Department of Commerce, and various other agencies

exceptionally rapid growth of the services group, with the added comment that this group now incorporates establishments whose operations provide basic employment and income to New Mexico.

Although greatly overshadowed in size by the secondary industries, the basic industries of mining and manufacturing have contributed significantly to the State's remarkable postwar growth, particularly in view of the fact that both industries have declined nationally in their relative importance as employers. As can be seen from the following comparison of the distribution of the nation's and the State's nonagricultural wage employment, in New Mexico mining plays a much more important role as an employer (and as a producer of income) than it does in the United States as a whole:

	Percentage of Nonagricultural Wage Employment	
	New Mexico	United States
Mining	8.7	1.2
Manufacturing	6.8	30.8
Construction	8.0	5.3
Transportation & Utilities	8.6	7.4
Trade	21.1	22.0
Finance	4.0	4.7
Services	15.8	12.6
Government	27.0	16.0
Federal	10.6	4.2
State & Local	16.4	11.8

Manufacturing, on the other hand, is not nearly so important a contributor locally as it is nationally, but in New Mexico it is gaining in importance in the face of its relative decline nationally, a fact which appears to provide some evidence that manufacturing has real vigor and promise in this state.

The role of construction in New Mexico also justified recognition as an indicator of postwar growth. Despite the fact that employment in construction dropped sharply from 1959, in 1960 it constituted a much more significant portion of the total state employment than of the national total; and this approximate relative difference has prevailed throughout the postwar period. Growth takes place through construction--building of industrial plants, commercial and public buildings, highways and utility systems, and, of course, homes. Thus the high level of construction activity in New Mexico throughout the period, and even during recession, is the best and most direct evidence of the vigorous growth of the State.

Personal income in New Mexico rose in 1960, but only after a year of struggle to stay in the plus column. The 0.4-per cent increase over 1959 was small in comparison with the average annual rise of 8 per cent since 1954. Per capita income declined slightly, because--although total personal income rose--the New Mexico population also increased, rising from an estimated 937,300 in

4. GOVERNMENT WAGE AND SALARY PAYMENTS
New Mexico, 1959 & 1960

	Employment[1]		Wages and Salaries (000s)	
	1959	1960	1959	1960
Cities	9,500	9,700	$ 15,463	$ 16,593
Counties			8,150	8,500
Districts, special	300	300	600	600
Schools	12,500	13,000	53,430	59,459
Colleges	4,700	5,000	14,266	16,291
State	7,800	7,400	25,266	28,755
Military, federal	24,000	23,200	95,410	96,998
Civilian, federal[2]	27,700	28,700	160,400	164,405
TOTAL	86,500	87,300	$372,985	$391,601

(1) Data on employment in cities, counties, special districts, schools, colleges, and state include full-time and part-time employment as of October of each year. Data on federal military and civilian personnel are annual figures.
(2) Federal civilian figures include annual payrolls and employment of University of California personnel at Los Alamos.

mid-1959 to 955,400 in mid-1960. The flow of income to wage and salary workers slowed down, especially during the latter part of last year; and the annual volume of wage payments was held to a small 1.4-per cent increase.

Construction activity in the private nonagricultural sector of the economy was slow; but mining activity made up for the loss with a 9.2-per cent increase in wage payments. The other private nonagricultural industries of manufacturing, trade, finance, and services made slightly larger amounts of wage payments than the year before. Wages paid by the railroads once again decreased, because there were fewer workers in the industry in New Mexico.

Wage payments to agricultural workers dropped, but higher government payrolls offset the farm losses.

The pattern of changes in the numbers of wage and salary workers followed closely the fluctuations in wage payments as described above. The loss of workers in agriculture and construction was not quite compensated for by the greater numbers in mining and government: the result was a 0.5-per cent decline in wage and salary workers in 1960 as compared with 1959.

Property income remained unchanged, but proprietor income dropped because of some decline in farm and ranch profits. Transfer payments (mostly government benefits) were a big factor in keeping New Mexico in the plus column for total personal income. Transfer payments played their expected role as a countercyclical force during a period of higher rates of unemployment and varying shades of recession.

WAGE AND SALARY EMPLOYMENT AND INCOME

Employment cutbacks in agriculture made a big difference in the total New Mexico figures on wages and workers. The number of farm workers declined by a monthly average of 4,100; and wages fell $7 million. The loss in farm wages was a serious one to the New Mexico economy, but not so bad as the figures indicate, since the major portion of the worker decrease was among imported Mexican laborers. The Mexican economy felt the worker cutbacks as much as New Mexico's. (See section on agriculture, below.)

The mining industry was the bulwark of the State's economy during 1960. Potash employment and wages in Eddy county had been expected to taper downward; instead, they increased from about 3,300 employees to about 3,500 and from $21.7 million in wages to $24.1 million. Eddy potash workers accounted for the major proportion of the State's 4,100 average monthly nonmetallic employment shown in Table 10. Coppermine employment and wage payments were up in Grant county by comparison with 1959 because of two principal reasons: (1) workers were on strike in the third quarter of 1959, but no work stoppages occurred in 1960; and (2) the levels of employment and wages for comparable periods were higher in 1960. For example, wages in the second quarter of 1959 were $2.4 million, but $2.8 million in the same quarter of 1960, and the employment comparison for the same period was 1,700 and 2,000. In terms of wage payments to workers, the uranium industry became more important in 1960 to New Mexico and McKinley and Valencia counties than potash in Eddy county. Uranium wages in the third quarter of 1960 reached $7.8 million, compared with $6.3 million in potash; also, uranium extraction engaged more workers than potash mining during the same quarter. Wages in

5. GOVERNMENT TRANSFER PAYMENTS
New Mexico, 1959 & 1960
(in thousands)

	1959	1960	Per Cent Change
Unemployment Compensation	$ 5,260	$ 9,796	+86.2
Social Security Benefits	22,499	29,600	+31.6
State Welfare Payments	18,447	20,572	+11.5
Veterans Benefits	22,739	23,643	+ 4.0
TOTAL	$68,945	$83,611	+21.3

Sources: N. M. Employment Security Commission, U. S. Department of Health, Education, and Welfare, N. M. Department of Welfare, and U. S. Veterans Administration

6. ESTIMATED INDIVIDUAL INCOME
New Mexico, 1959 & 1960
(in millions)

	1959[1]	1960	Per Cent Change
Total Personal Income	$1,696	$1,702	+ 0.4
Wages & Salaries	1,187	1,204	+ 1.4
Other Labor Income[2]	34	35	+ 2.9
Proprietors' Income[3]	261	235	-10.0
Property Income	150	150	0.0
Transfer Payments[4]	97	112	+15.5
Less Deductions for Social Insurance	-33	-34	+ 3.0
Per Capita Income (in dollars)	$1,810	$1,781	- 1.6

(1) Revised from figures previously published.
(2) Includes employer contributions to private pension and welfare funds, compensation for injuries, pay of military reservists, and other miscellaneous fees and payments of individuals.
(3) Business earnings of unincorporated enterprises. Includes farmers' income.
(4) Includes government aid and welfare payments, veterans benefits, pensions, retirement, and all payments for which current services are not required.

petroleum, New Mexico's biggest mining segment, dropped from $59.4 million in 1959 to about $57.1 million last year. Wage payments to petroleum miners held up surprisingly well, in view of early predictions of declines in the industry because of cutbacks in oil allowables.

Construction was harder hit in this state last year than any other industry, with 3,000 fewer workers than the year before and $9.1 million less in wages and salaries. The loss hurt the economy more than the above figures indicate because of the basic nature of construction employment and wages. Any substantial reduction in the number of construction workers produces a consequent decline of employment in the secondary industries, by curtailing the purchasing power which supports their activities. (Changes in the number of basic agricultural workers have the same multiplier effect.) Although there are no current measures for determining the degree of the effect exerted upon secondary employment and wages by more or fewer workers in any basic industry, there is no question of the multiplier effects of changing basic industry employment on the income situation of an area. Manufacturing, another of the basic industries, had fewer employees but slightly higher wage payments in 1960 than in 1959, caused by slightly higher rates of pay to skilled employees.

Government employment and wages played a big role in our state economy in 1960. Federal, state, county, public school, college, and university payrolls made up one third of all wages and salaries. The major change apparent in the annual comparison was the bigger payrolls of state agencies and public schools, with the latter increasing from $53.4 million in 1959 to $59.5 million in 1960, mostly because of increased rates of pay. State agency payrolls climbed from $25.3 million to $28.8 million, also because of higher pay rates. City, county, college, and university payrolls were larger but not so much so as were other state and public school payrolls. An analysis of Table 4 shows that in all government categories payroll gains came mainly from higher rates of pay rather than from larger numbers of employees. Total government employment increased only 2.8 per cent (see Table 3), but wage payments rose 5 per cent. The federal civilian payroll grew from $130.4 million to $136 million, but employment rose only 500 workers. The military payroll was higher, even though a smaller personnel was reported in New Mexico. The University of California payroll at Los Alamos was an exception in that it dropped from $30 million to $28.4 million, yet listed more employees. In Table 4 the Los Alamos payroll is included as a federal payment, though the University of California made the direct payments to individuals. Publications of the Bureau of Business Research handle the Los Alamos payroll as a federal payment in order to separate New Mexico educational payrolls from the noneducational University of California payroll. The Department of Commerce and the New Mexico Employment Security Commission report the Los Alamos data in the category of state agencies and institutions of higher learning.

7. UNEMPLOYMENT COMPENSATION
New Mexico, 1959 & 1960

	Number Claiming Compensation		Per Cent of Labor Force Unemployed	
	1959	1960	1959	1960
January	4,915	7,825	2.70	4.19
February	5,677	8,921	3.09	4.72
March	5,285	8,841	2.84	4.66
April	4,358	7,260	2.32	3.78
May	3,598	5,916	1.89	3.07
June	2,993	5,217	1.55	2.67
July	3,258	5,609	1.69	2.86
August	3,543	5,387	1.84	2.76
September	3,619	5,123	1.89	2.66
October	3,870	5,447	2.05	2.87
November	4,862	6,717	2.58	3.52
December	5,957	9,037	3.12	4.69
Monthly Average	4,328	6,770	2.29	3.54

Source: Derived from N. M. Employment Security Commission reports

Employment and wage declines in the basic industries of agriculture and construction were more than offset by mining and government increases. According to theory, the secondary industries of utilities, trade, finance, and services should be expected to show slight gains if

8. HOURS AND EARNINGS IN SELECTED INDUSTRIES

New Mexico, 1959 & 1960

	Average Hourly Earnings 1959	1960	Per Cent Change	Average Weekly Hours 1959	1960	Per Cent Change	Average Weekly Earnings[1] 1959	1960	Per Cent Change
Mining	$2.56	$2.65	+3.5	43.5	43.0	-1.2	$111.48	$114.05	+2.3
Construction	2.84	3.03	+6.7	37.6	36.6	-2.7	106.92	110.92	+3.7
Manufacturing	2.02	2.09	+3.5	41.0	40.2	-2.0	82.95	83.90	+1.1
Communications & Utilities	2.14	2.19	+2.3	40.6	40.5	-0.2	86.65	88.69	+2.4
Trade[2]	1.73	1.72	-0.6	41.6	40.4	-2.9	72.17	69.69	-3.4
Finance[3]	na	na	--	na	na	--	69.48	71.45	+2.8

na - not available
(1) These figures are averages of monthly data. Therefore, multiplying average weekly hours by average hourly earnings will not produce the stated average weekly earnings.
(2) Excludes eating and drinking places
(3) Excludes insurance and real estate
Source: N. M. Employment Security Commission

other factors remain constant--an impossibility in a dynamic economy. Table 3 shows that the pattern indicated above was generally true in New Mexico, even though it is impossible to show precise effects of a basic industry on the economy of New Mexico.

PROPRIETOR AND PROPERTY INCOME

Proprietor income shows an estimated drop of 10.0 per cent in the annual comparison. Business and professional income maintained its 1959 level, but farm proprietor profits dropped an estimated $26 million. Cash receipts from farm marketings were down by $26 million, but the federal government came through with $11 million in direct payments to proprietors. The $11 million was actually a subsidy, although the U.S. Department of Agriculture considered it the same as a cash receipt from farm marketings. Payments to farmers and ranchers include an aid called "incentive payments" for wool production. These "incentive payments" are also a subsidy, and in a recent Congressional publication they were defined as such. Value of farm inventories and other farm income were down an estimated $11 million, thus leaving agriculture with an estimated decline in profits of $26 million in 1960 as compared with 1959 profits. The total loss in agriculture cannot be reliably estimated until a final value is placed on inventories.

Property income was estimated to equal that in 1959, because there was no reported change in the income from interest, rents, royalties, and dividends.

TRANSFER PAYMENTS

Government transfer payments provided the increase in total personal income in 1960 as compared with 1959, in view of the fact that in the wage and salary segment of the economy the rise in the mining and government payments offset the depression in agriculture and construction payments. The 15.5-per cent growth in total transfer payments served as a countercyclical force and probably nudged the total personal income to a level at least slightly above that the year before. Government transfer payments increased from $68.9 million to $83.6 million, very likely the largest pump-priming dose in the history of New Mexico.

9. POPULATION, EMPLOYMENT, AND INCOME

New Mexico, 1950-1960

	Midyear Population	Average Monthly Employment*	Personal Income Total (in millions)	Personal Income Per Capita
1950	684,300	239,000	$ 798	$1,163
1951	701,000	259,100	935	1,297
1952	718,900	275,100	1,005	1,364
1953	751,900	285,200	1,055	1,394
1954	766,800	283,400	1,117	1,457
1955	786,700	290,900	1,161	1,476
1956	829,500	294,800	1,258	1,517
1957	877,200	316,500	1,433	1,634
1958	912,300	328,000	1,562	1,712
1959	937,300	339,800	1,696	1,810
1960	955,400	339,000	1,702	1,781
Per Cent Gain	39.6	41.8	113.3	53.1

*Includes wage workers, self employed, unpaid family workers, and military personnel.
Source: Estimates of the Bureau of Business Research, UNM

Unemployment compensation payments led off with an 86.2-per cent increase (because of the rise in unemployment) from a monthly average of 4,300 to 6,800. There were 9,000 workers claiming unemployment compensation in New Mexico by the end of 1960, and December payments came close to $1 million. Social security benefit payments were next with a 31.6-per cent increase from those of the previous year. These payments rose from $22.5 million to $29.6 million, because the program "came of age," with more disabled workers becoming eligible.

The U.S. Department of Health, Education, and Welfare reported that for the nation "at the end of August, benefits were being paid at a monthly rate of $906.2 million--$84.1 million more than the total a year earlier. It had taken 16 1/2 years from the time monthly benefits were first payable to reach the $450-million mark; it took only four years to double that figure. . . . The number of disabled workers aged 50-64 and their dependents receiving monthly benefits increased by one-third

10. EMPLOYMENT IN NONAGRICULTURAL ESTABLISHMENTS

New Mexico, 1959 & 1960
(in thousands)

		Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec	Monthly Average
TOTAL	1959	224.8	226.2	228.9	231.6	235.8	238.8	237.0	236.0	237.0	235.2	234.5	236.0	233.5
	1960	229.2	231.5	232.6	236.7	238.7	241.6	239.3	238.0	240.0	238.7	239.2	238.7	237.0
Mining	1959	18.8	19.0	19.3	19.4	19.7	20.1	20.0	20.0	18.7	18.8	19.0	19.0	19.3
	1960	20.5	20.2	20.1	20.8	21.0	20.8	20.8	20.6	20.4	20.1	20.2	20.1	20.5
Metal	1959	5.1	5.3	5.3	5.5	5.4	5.6	5.6	5.6	4.4	4.5	4.8	4.8	5.2
	1960	6.0	6.2	6.4	6.4	6.6	6.6	6.6	6.7	6.7	6.6	6.6	6.6	6.5
Petroleum	1959	9.8	9.8	10.0	10.0	10.4	10.6	10.4	10.4	10.4	10.4	10.3	10.3	10.2
	1960	10.5	10.0	9.7	10.2	10.3	10.4	10.1	9.8	9.6	9.5	9.5	9.3	9.9
Nonmetallic	1959	3.9	3.9	4.0	3.9	3.9	3.9	4.0	4.0	3.9	3.9	3.9	3.9	3.9
	1960	4.0	4.0	4.0	4.2	4.1	3.8	4.1	4.1	4.1	4.0	4.1	4.2	4.1
Manufacturing	1959	16.3	16.3	16.7	16.7	17.1	17.5	17.7	16.6	17.5	16.9	16.5	16.4	16.8
	1960	16.3	16.4	16.5	16.6	16.6	17.1	16.7	16.3	15.9	15.6	15.6	15.6	16.2
Lumber & Wood Products	1959	2.2	2.3	2.3	2.3	2.6	2.6	2.9	2.9	2.8	2.4	2.3	2.1	2.5
	1960	1.8	1.8	1.8	2.0	2.0	2.2	2.1	1.9	1.7	1.6	1.6	1.5	1.8
Food Products	1959	3.5	3.4	3.5	3.5	3.5	3.7	3.7	3.9	4.0	3.9	3.8	3.7	3.7
	1960	3.6	3.7	3.6	3.6	3.6	3.8	3.8	3.7	3.7	3.7	3.8	3.8	3.7
Other Manufacturing	1959	10.6	10.6	10.9	10.9	11.0	11.0	11.1	9.8	10.7	10.6	10.4	10.6	10.6
	1960	10.9	10.9	11.1	11.0	11.0	11.1	10.8	10.7	10.5	10.3	10.2	10.3	10.7
Construction	1959	21.7	22.1	22.6	23.2	23.5	23.7	23.2	22.5	22.1	20.2	19.6	19.1	22.0
	1960	17.0	18.0	18.8	19.1	19.5	19.6	20.0	20.0	19.7	19.5	19.6	17.5	19.0
Transportation & Utilities	1959	19.8	19.8	20.0	20.1	20.5	20.5	20.4	20.5	20.7	20.7	20.8	20.6	20.4
	1960	20.2	20.3	20.3	20.3	20.5	20.4	20.7	20.4	20.5	20.5	20.5	20.3	20.4
Railroads	1959	5.1	5.0	5.1	5.2	5.3	5.4	5.4	5.3	5.2	5.1	5.0	5.1	5.2
	1960	5.0	5.0	5.0	5.1	5.2	5.3	5.3	5.1	5.0	5.0	4.9	4.8	5.1
Transportation (except railroads)	1959	5.3	5.3	5.4	5.3	5.5	5.4	5.3	5.4	5.8	5.9	6.0	5.8	5.5
	1960	5.5	5.5	5.5	5.4	5.5	5.2	5.4	5.3	5.6	5.7	5.8	5.8	5.5
Communications & Utilities	1959	9.4	9.5	9.5	9.6	9.7	9.7	9.7	9.8	9.7	9.7	9.8	9.7	9.7
	1960	9.7	9.8	9.8	9.8	9.8	9.9	10.0	10.0	9.9	9.8	9.8	9.7	9.8
Trade	1959	45.9	46.0	46.7	47.5	48.6	49.6	49.8	50.5	50.2	49.6	49.7	51.5	48.8
	1960	48.4	47.9	48.1	49.2	49.6	50.9	50.9	51.1	50.9	50.0	50.3	51.8	49.9
Wholesale	1959	8.5	8.5	8.5	8.7	8.8	8.9	9.1	9.3	9.3	9.2	9.0	9.0	8.9
	1960	8.8	8.8	8.8	9.0	8.9	9.0	9.0	9.1	9.2	9.1	9.1	9.0	9.0
Retail	1959	37.4	37.5	38.2	38.8	39.8	40.7	40.7	41.2	40.9	40.4	40.7	42.5	39.9
	1960	39.6	39.1	39.3	40.2	40.7	41.9	41.9	42.0	41.7	40.9	41.2	42.8	40.9
Finance, Insurance, & Real Estate	1959	8.7	8.8	9.0	9.3	9.3	9.4	9.5	9.6	9.5	9.5	9.6	9.6	9.3
	1960	9.3	9.4	9.4	9.5	9.5	9.6	9.7	9.6	9.5	9.4	9.3	9.4	9.5
Services & Miscellaneous	1959	33.9	34.3	34.6	35.2	36.0	37.2	37.1	37.3	37.2	37.3	36.9	36.5	36.1
	1960	35.7	36.0	36.2	36.9	37.8	39.0	38.5	38.0	38.3	38.0	37.9	37.3	37.5
Hotels	1959	3.1	3.2	3.4	3.6	3.9	4.1	4.2	4.3	4.0	3.8	3.4	3.3	3.7
	1960	3.3	3.3	3.4	3.6	3.9	4.2	4.3	4.3	4.1	3.7	3.6	3.5	3.8
Personal	1959	4.0	4.0	4.0	4.1	4.1	4.2	4.0	4.0	4.1	4.1	4.1	4.1	4.0
	1960	4.1	4.1	4.1	4.1	4.1	4.1	4.0	4.0	4.0	4.0	4.0	3.9	4.0
Other	1959	26.8	27.1	27.2	27.5	28.0	28.9	28.9	29.0	29.1	29.6	29.4	29.1	28.4
	1960	28.3	28.6	28.7	29.2	29.8	30.7	30.2	29.7	30.2	30.3	30.3	29.9	29.7
Government	1959	59.7	59.9	60.0	60.2	61.1	60.8	59.3	59.0	61.1	63.2	62.4	63.3	60.8
	1960	61.8	63.3	63.2	64.3	64.2	64.2	62.0	62.0	64.8	65.6	65.8	66.7	64.0
Federal	1959	24.4	24.3	24.3	24.6	24.7	25.0	24.8	24.8	24.8	24.7	24.7	25.2	24.7
	1960	24.4	24.6	24.5	25.7	25.2	25.5	25.4	25.5	25.3	24.8	24.8	25.3	25.1
State & Local	1959	35.3	35.6	35.7	35.6	36.4	35.8	34.5	34.2	36.3	37.5	37.7	38.1	36.1
	1960	37.4	38.7	38.7	38.6	39.0	38.7	36.6	36.5	39.5	40.8	41.0	41.4	38.9

Source: N. M. Employment Security Commission

during the 12 months (August 1959 to 1960) and totaled 545,000 in August." The New Mexico welfare program came in with an 11.5-per cent rise from a year earlier. Welfare payments increased from $18.4 million to $20.6 million because of a larger number of recipients and slightly higher average monthly payments per person. The number of recipients increased from 43,482 in 1959 to 46,496 in 1960; and the average assistance payment per month was $35.35 in 1959 and $36.88 in 1960.

Veterans Administration expenditures in this state increased from $29.8 million in 1959 to $31.0 million in 1960. Total expenditures include pensions, insurance payments, training and subsistence benefits, cost of medical care, medical administrative costs, and miscellaneous payments. Direct transfer payments to veterans and their dependents were up 4 per cent--from $22.7 million to $23.6 million. Medical-care costs, an expenditure not included in personal income, were up from $6.9 million to $7 million. The New Mexico veterans' property tax exemption, another benefit not included in the above figures, is similar to a payment in kind. The New Mexico law exempts certain veterans from payment of property tax on the first $2,000 of assessed valuation. The benefit accrues to the veteran, but there is no exchange of money; and, therefore, our personal income figures do not include such benefits.

OTHER LABOR INCOME

Other labor income includes payments to Army, Air Force, and Naval Reservists, compensation to injured workmen, and employer contributions to welfare funds. Employer contributions make up more than 80 per cent of the total "other" labor income, and the amounts paid into the funds are generally determined by the level of wage payments in private industry. Since the level of such payments did not change appreciably in 1960 and since accurate information is lacking, the Bureau estimated that total other labor income probably increased slightly from the year before.

DEDUCTIONS FOR SOCIAL INSURANCE

Deductions for social insurance were up from $33 million in 1959 to $34 million in 1960. A rate increase (2 1/2 to 3 per cent on the first $4,800 of earnings) of 1/2 per cent as of January 1, 1960, was the main reason for the higher deductions. Social insurance deductions were subtracted from the gross personal income in order to arrive at the $1,702 million net personal income in New Mexico.

R.L.E. & V.T.X.

Agriculture

The agriculture picture in New Mexico turned from rosy in 1959 to shades of grey in 1960. There was an intensified trend favoring those persons with adequate land and machinery against those others who are forced to leave the farm. The data in the 1959 Census of Agriculture substantiate the opinion that New Mexico is in the final stage of the elimination of the small family farm. In the past few years the federal government attempted to stop this pattern, but instead merely aggravated the movement, because the small-acreage farmer in this state was not in position to take advantage of all the various types of aids from Uncle Sam. Approximately $60 million in direct aid (excluding CCC loans, bracero program, water, electricity, etc.) coming in the last five years to New Mexico farmers represented a monumental but unsuccessful effort by the federal government to stem the tide against the small-acreage farmer.

A report by the U. S. Department of Agriculture noted that the number of horses and mules on farms has declined so much that estimates would be discontinued. This note was inserted in the report as a simple matter of information, but it signified the termination of a way of life intimately associated with the New Mexico economy for over 350 years.

The State lost approximately 4,000 farm families during the 1954-to-1959 period. The knowledge of this reduction in the number of farm families is important in a general analysis of the farm situation. The reduction in number of farms also partly explains both the decline in number of automobiles and motor trucks on farms and the possibility of a stable per capita income eventually resulting from the distribution of a smaller amount of money among fewer persons.

11. CROP PRODUCTION IN NEW MEXICO[1]

1959, 1960, & 1949-1958 Average

		Production (000s)	Price (dollars)	Value (000s)
Cotton Lint (500-lb bales)	1949-1958	281		
	1959	323	$ 0.348[2]	$ 56,152
	1960	290	0.330[2]	47,799
All Hay (tons)	1949-1958	510		
	1959	681	24.30	16,548
	1960	688	26.00	17,888
Sorghum Grain (bu)	1949-1958	5,231		
	1959	8,474	0.88	7,457
	1960	9,080	0.86	7,809
Winter Wheat (bu)	1949-1958	1,678		
	1959	3,791	1.76	6,672
	1960	4,480	1.74	7,795
Cottonseed (tons)	1949-1958	115		
	1959	131	42.80	5,607
	1960	119	44.00	5,236
Commercial Vegetables (cwt)	1949-1958	--		
	1959	1,561	--	3,967
	1960	1,424	--	3,883
Pecans (lbs)	1949-1958	3,177		
	1959	5,400	0.370	1,998
	1960	8,000	0.370	2,960
All Corn (bu)	1949-1958	1,170		
	1959	1,584	1.35	2,138
	1960	1,848	1.40	2,587
Sorghum Forage (tons)	1949-1958	151		
	1959	106	17.00	1,802
	1960	132	18.00	2,376
Barley (bu)	1949-1958	691		
	1959	1,406	0.97	1,364
	1960	2,021	0.89	1,799
Broomcorn (tons)	1949-1958	5.7		
	1959	6.9	235.00	1,622
	1960	4.5	340.00	1,530
Peanuts (lbs)	1949-1958	7,514		
	1959	11,700	0.110	1,287
	1960	11,400	0.114	1,300
Potatoes (cwt)	1949-1958	187		
	1959	385	2.09	805
	1960	426	2.85	1,214
Apples (bu)	1949-1958	569		
	1959	350	2.20	770
	1960	200	2.75	550
Oats (bu)	1949-1958	486		
	1959	714	0.77	550
	1960	680	0.76	517
Dry Beans (cwt)	1949-1958	195		
	1959	76	6.80	517
	1960	64	7.30	467
Alfalfa Seed (lbs)	1949-1958	1,804		
	1959	980	23.10	226
	1960	630	33.00	208
Rye (bu)	1949-1958	55		
	1959	84	0.98	82
	1960	116	1.04	121
Spring Wheat (bu)	1949-1958	226		
	1959	58	1.64	95
	1960	66	1.61	107
Peaches (bu)	1949-1958	156		
	1959	185	2.20	407
	1960	20	2.85	57
TOTAL	1949-1958	--		
	1959	--	--	$110,066
	1960	--	--	106,203

(1) Not including sugar beets and sudangrass seed
(2) Price per pound
Source: U. S. Agricultural Marketing Service, Las Cruces, New Mexico

The large-commercial-farm trend was recognized in the 1959 U. S. Census definition of a farm. The new definition requires more land than formerly and substitutes "value" for "sales." The difference between the two words is as great as that between "day" and "night," "small" and "large," "barter" and "money," or "renter" and "owner." In the old definition of a farm, "value" allowed for the existence of a farm even though the owner consumed all production and had zero cash sales. In the 1959 definition there is no room for a strictly subsistence family farm. In 1954 "farm" was applied to any place operated as a unit with three or more acres and $150 or more value in farm products. Also, a place of less than three acres but with $150 or more in sales was considered a farm. In 1959 a farm was (1) a place operated as a unit with 10 or more acres from which the sales of products amounted to $50 or more or (2) a place of less than 10 acres from which the sales of farm products amounted to $250 or more. In New Mexico the change in definition affected 1,081 farms that would have been included had the 1954 method of enumeration still obtained. After the adjustment for the change in definition, however, New Mexico had approximately 4,000 fewer farms in 1959 than in 1954.

12. HARVESTED ACREAGE AND YIELD OF SELECTED CROPS

New Mexico and United States, 1960

	Acres Harvested (000s)		Yield Per Acre		
	New Mexico	United States	New Mexico		United States
Corn	44	82,117	42.00	-bushels-	53.00
Winter wheat	256	40,561	17.50	-bushels-	27.50
Sorghum grain	227	15,444	40.00	-bushels-	41.30
Broomcorn	37	137	245.00	-pounds-	301.00
All hay	242	69,294	2.84	-tons-	1.75
Cotton lint	203	15,316	686.00	-pounds-	448.00
Dry beans	9	1,437	710.00	-pounds-	1,246.00
Peanuts	6	1,408	1,900.00	-pounds-	1,259.00

Source: U. S. Agricultural Marketing Service, Las Cruces, New Mexico

The 1960 bread-and-butter agricultural activities in this state showed a pattern of general decline attended by some efforts by the federal government to help the economy. Livestock prices, except those for hogs, were down; and cotton--the most important crop grown in New Mexico--brought a price below that a year ago. The number of hired regular and seasonal workers dropped sharply because of mechanization and a poor cotton harvest. Cash receipts from farm marketings declined, and the amount of farm mortgage debt moved upward.

13. CASH RECEIPTS FROM FARM MARKETINGS

New Mexico, 1959 & 1960
(in thousands)

		Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec	TOTAL	Monthly Average
TOTAL	1959	$20,237	12,361	14,320	12,655	11,755	8,513	9,488	6,753	12,189	68,371	55,398	22,144	254,184	21,182
	1960	$15,557	7,863	8,818	10,535	11,011	9,069	10,047	6,515	10,142	58,668	53,183	26,612	228,020	19,002
Crops	1959	$13,540	6,962	5,975	2,463	2,848	3,450	5,782	2,753	4,794	17,990	26,041	16,364	108,962	9,080
	1960	$ 9,747	2,673	1,716	2,168	2,793	4,093	6,396	2,490	3,142	12,635	25,484	20,489	93,826	7,819
Livestock	1959	$ 6,697	5,399	8,345	10,192	8,907	5,063	3,706	4,000	7,395	50,381	29,357	5,780	145,222	12,102
	1960	$ 5,810	5,190	7,102	8,367	8,218	4,976	3,651	4,025	7,000	46,033	27,699	6,123	134,194	11,183

Source: Agricultural Marketing Service, U. S. Department of Agriculture

CASH RECEIPTS FROM FARM MARKETINGS

Cash receipts from farm marketings in 1960 dropped an estimated $26 million from the year before. Crop receipts slid $15 million; and livestock, $11 million. Crop and livestock receipts were off during the first five months of the year, picked up in June and July, but dropped again in August, September, October, and November. The largest declines occurred during the heavy marketing season (October and November) of livestock and cotton. A look at the table on prices received by farmers shows that some of the biggest price drops occurred during the heaviest harvest months of October and November. The tendency, of course, is for prices to weaken during these months because of the heavier marketing of commodities; but in 1960 the price for most livestock did not behave seasonally during the first six months of the year. That is, instead of going up during the first half, livestock prices remained generally steady through June. Then they resumed the seasonal pattern and dropped during the heavy marketing season.

Cash receipts from livestock sales would have been much lower except for the greater number of animals brought to market. Sheep and cattle slaughtered in New Mexico rose about 12 per cent, and the number of cattle shipped from the State increased by 15 per cent. The rancher, contrary to some economic theories, made the attempt to keep his receipts up by placing more products on the market at lower prices. Economic theory has for many years contended that the prudent man will withdraw his supply from the market during a time of weak prices. The theory seems to be applicable to oligopolistic industries (car manufacturers, for example) that can control supply, but it does not apply to large numbers of farm operators who cannot control supply. Even with the federal help, farmers and ranchers attempted to produce more commodities for sale or for government surplus bins.

Cotton, New Mexico's most important cash crop, declined in production, probably because of a poor harvest. The number of harvested acres in cotton was larger than the year before, but the yield per acre dropped from 782 to 686 pounds. Had the 782-pound yield per acre been maintained, 1960 production would have been 329,000 bales instead of 290,000. In this case the production decline of approximately 33,000 bales was due to nature and not to prudent men or government payments.

Pecan production was a bright spot in the harvested-crop situation. The New Mexico farmer produced only improved varieties, with no wild pecans included. Production increased from 5.4 million pounds in 1959 to 8 million in 1960; and New Mexico became the third highest producer in the nation, next to Georgia and Mississippi. The bigger pecan production meant an additional $1 million in cash receipts last year and also uncovered a new and important cash crop for the State.

Broomcorn cash receipts dropped because of a steep decline in production, and only a $105-per-ton average-price increase saved the crop from complete failure. Only five other states (Illinois, Kansas, Oklahoma, Texas, Colorado) produced broomcorn in 1960, and all of them experienced the same pattern.

Cash receipts from crops and livestock in the nation were higher than a year ago. The slight national gain was probably due to a greater volume of marketings, although overall prices for many important products declined. Harvested acreage in the United States for the most important crops decreased, but production on the smaller acreage increased--a fact which again supports the thesis that the farmer attempts to make up for lower prices by marketing more produce.

PRICES RECEIVED BY FARMERS

Prices of cattle, veal calves, sheep, and lambs slipped downward in the beginning of 1960 and failed to make a recovery during the rest of the year. In January 1960, cattle prices were $20 per cwt. Thereafter, there was some slight fluctuation, with a low of $18 in August and a high of $22.10 in March. The prices of veal calves, sheep, and lambs followed the same trend. But the hog price pattern was the reverse, because for the first five months of 1960 that price was below corresponding levels in 1959 but well above for the remainder of the year.

The livestock-price pattern was sensitive to the volume of production placed in the marketing stream. Cattle shipments out of New Mexico were about 100,000 more than the year before, and cattle and sheep slaughtered were about 12,600 head more than the previous year. Production of red meat in the United States was up from the year before, with a greater number of cattle and sheep being slaughtered. As the greater supply of beef and lamb came to the market, prices received by the farmer dropped.

As already stated, the hog-price pattern was the opposite of that for cattle and sheep. Fewer hogs were slaughtered and marketed in New Mexico and in the nation in 1960 than in 1959, causing a rise in hog prices received by farmers. These varying patterns were carried through to the consumer in the form of lower prices for round steak, chuck roast, and hamburger, and higher ones for pork chops.

New Mexico is a one-crop state. Cotton and its product cottonseed make up about 50 per cent of our total crop-production value. Although average prices of most 1960 crops remained the same as in 1959 or increased somewhat, the significant factor was the slight decline in cotton price. The broomcorn-price increase of over $100 per ton was the most noticeable, although the total value of the crop was of minor significance.

LIVESTOCK ON FARMS

The number of cattle on U. S. farms continued to increase in 1960, though their value dropped. In January 1961 there were about 1 million more head of cattle on the farms than the January before, but the total value of the inventory was about the same and remained constant because cattle prices dropped and production increased. In New Mexico the number of cattle was down about 2 per cent from the previous year; but, if past history is reliable, the number will probably increase if the price continues to drop. This prediction will, of course, not hold true if the government steps in--as in the case of crops--and successfully exercises control of beef production.

HARVESTED ACREAGE AND YIELD

The approximately 1.2 million acres harvested in New Mexico in 1960 produced crops valued (not necessarily sold) at $106 million--an increase of about 50,000 acres over a year ago, but a slightly smaller production value. The cotton price decline and poor harvest were responsible. A further look into the production and yield of crops shows that New Mexico was below the national average in per-acre production of a number of crops. Table 12 shows cotton, hay, and peanuts above the national 1960 average yield, and corn, wheat, sorghum grain, broomcorn, and beans below the average. A significant factor in the figures of harvested acreage is that it constitutes a rather small proportion of New Mexico's 77.8 million total acres.

GOVERNMENT PAYMENTS

The $11 million in direct government payments to farmers in New Mexico offset part of the $26-million decline in cash receipts. The payments were made through programs like the soil bank, agricultural conservation, shorn-wool, and unshorn-lambs. The soil-bank project is for the express purpose of diverting land from crop production and thereby reducing surpluses. The agreement between the government and the farmer

14. PRICES RECEIVED BY FARMERS FOR SELECTED LIVESTOCK
New Mexico, 1959 & 1960

		Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec	Monthly Average
Hogs (per cwt)	1959	$16.20	15.60	16.10	15.90	15.70	15.20	13.50	14.00	13.50	13.00	12.50	11.30	14.38
	1960	$12.00	12.60	14.80	15.10	15.00	15.20	16.00	15.50	15.20	16.00	15.90	16.10	14.95
Cattle (per cwt)	1959	$22.70	23.30	23.80	24.70	24.70	21.90	21.60	20.60	21.90	22.30	20.80	19.70	22.33
	1960	$20.00	20.90	22.10	21.20	20.20	19.60	19.10	18.00	19.20	19.50	19.40	19.70	19.91
Veal Calves (per cwt)	1959	$32.00	32.00	31.50	32.00	32.70	30.70	30.50	29.50	29.00	28.50	28.50	26.30	30.27
	1960	$26.00	26.60	26.60	26.50	25.60	25.40	24.50	22.50	22.30	23.00	24.00	24.20	24.77
Sheep (per cwt)	1959	$ 7.00	7.20	7.20	7.20	6.70	6.50	6.80	6.30	6.00	6.00	6.00	6.00	6.58
	1960	$ 6.50	6.70	7.00	7.50	6.30	6.00	6.00	5.50	5.20	5.30	5.30	5.30	6.05
Lambs (per cwt)	1959	$18.50	18.30	18.50	19.00	20.00	19.50	18.50	18.50	19.00	17.50	17.00	16.50	18.40
	1960	$17.00	17.50	18.50	17.50	18.00	17.00	16.00	15.10	14.90	14.80	14.70	15.20	16.35

Source: U. S. Agricultural Marketing Service, Las Cruces, New Mexico

15. LIVESTOCK ON NEW MEXICO FARMS*
January 1, 1960, & January 1, 1961

	Number (000s)			Value (000s)		
	1960	1961	Per Cent Change	1960	1961	Per Cent Change
Cattle	1,198	1,174	- 2.0	$168,074	$158,822	- 5.5
Hogs	56	54	- 3.6	974	1,139	+16.9
Sheep & Lambs	1,185	1,181	- 0.3	39,696	33,105	-16.6
Chickens	836	882	+ 5.5	920	1,014	+10.2
Turkeys	9	12	+33.3	42	58	+38.1
TOTAL	--	--	--	$209,706	$194,138	- 7.4

*The numbers of horses and mules on farms declined so much that beginning with 1961, the estimates are being discontinued.
Source: U. S. Agricultural Marketing Service, Las Cruces, New Mexico

(for as many as 10 years) provides that a specified amount of land be withdrawn from production and that, instead, some soil-conserving vegetative cover be planted. In 1960 there were 3,510 soil-bank contracts in force with annual payments to farmers of $7.1 million. Curry county farmers received $2.2 million; those in Quay, $1.4 million; those in Roosevelt, $1.5 million; and those in other counties, much smaller amounts. The farmers in the three counties named above received 72 per cent of the State's total soil-bank payments, a fact which points up the shortcomings of the program. The other $4 million in direct payments to farmers went for wool programs and a host of other aids in return for proper conservation practices by the operators. The $11 million in direct payments does not include the loan phase of the federal price-support program, which gives a farmer the choice of marketing his product or of placing it under loan, whichever is more advantageous. The U. S. Agricultural and Stabilization Office explains the loan program as follows: "If the market price rises above the loan level, plus charges, he (the farmer) has the privilege of paying off the loan and selling his commodity in the open market. If the price fails to rise above the loan level, however, the nonrecourse character of the loan agreement makes it possible for him to deliver his commodity to the Commodity Credit Corporation instead of repaying the loan."

FARM EMPLOYMENT AND WAGES

Farm employment dropped by about 25 per cent in 1960, compared with the 1959 level; but wage rates increased slightly. There were fewer farm operators, fewer unpaid family helpers, fewer seasonal domestic and foreign laborers, and fewer regular hired workers.

The drastic cut in the number of Mexican braceros brought in for farm work was the main change in the farm employment situation. The number of braceros imported from Mexico to New Mexico declined for the first time since the program was started more than 10 years ago. The peak number of braceros in New Mexico in 1960 was 11,300 as compared with 19,500 in 1959. New Mexico had a monthly average of 2,600 fewer braceros last year. The reduction, however, was not offset with local workers, because the data show a 33-per cent drop in number of domestic seasonal hired laborers, also. The foreign and domestic farm labor was replaced by harvesting machines: the cotton crop of 1960 was 65-per cent harvested with machines. The smaller volume of cotton which was harvested by hand also contributed to the decline in number of farm hired workers.

16. HIRED FARM WORKERS
New Mexico, 1959 & 1960

	1959	1960	Per Cent Change
Hired Workers	16,300	12,200	-25.2
Domestic, seasonal	3,600	2,400	-33.3
Domestic, regular	5,100	4,800	- 5.9
Foreign, seasonal	7,600	5,000	-34.2

Source: Based on data from N. M. Employment Security Commission

Wage rates in the State, expressed on an average hourly basis, increased from about 70 cents in 1959 to 72 cents, yet remained below averages for the nation and for sister Mountain States. The average rate of farm workers with room and board reached $132 per month, compared with $130 in 1959.

V.T.X.

Mining

New Mexico's mineral production in 1960, as reported by the U. S. Bureau of Mines, was valued at $656.1 million--an increase over 1959 value of $58.5 million. This rise was one of the largest dollar gains New Mexico has ever experienced. Most of the credit must go to oil, potash, natural gas, uranium, natural-gas liquids, and copper--in that order.

The value of metals produced was 36 per cent greater than the preceding year, with copper and uranium being the only really strong segments. Nonmetals recorded a gain of 11 per cent; mineral fuels had a 4-per cent increase in value.

Despite certain obvious weak spots and a few total blanks in mining, the industry turned out to be the healthiest segment of the State's entire economy. Some of the apparent strength could, unfortunately, be explained away by reference to strikes that had cut 1959 production but, at the same time, brought unusual activity in 1960 after they were settled. Some of the strength was artificial to the extent that percentage gains recorded by segments--like lead and zinc, for example--were high only because 1959 performances had been exceedingly poor.

Nevertheless, there was real strength in mining. Additional workers totaled more than 1,000, compared with 1959 employment; value of uranium output was 19 per cent greater; and things looked better than expected in potash.

17. VALUE OF MINERAL PRODUCTION
New Mexico, 1959 & 1960

	1959 (000s)	1960 (000s)	Per Cent Change
Petroleum	$306,507	$312,869	+ 2.1
Potash	74,117	83,333	+ 12.4
Natural Gas	73,966	79,310	+ 7.2
Uranium	53,463	63,684	+ 19.1
Natural-Gas Liquids	39,179	44,220	+ 12.9
Copper	24,369	43,136	+ 77.0
Sand & Gravel	13,332	13,332	0.0
Zinc	1,066	3,560	+234.0
Perlite	2,121	2,111	- 0.5
Pumice	1,023	718	- 29.8
Helium	264	707	+167.8
Stone	542	550	+ 1.5
Lead	191	510	+167.0
Lime	209	461	+120.6
Salt	322	322	0.0
Silver	144	281	+ 95.1
Gold	110	189	+ 71.8
Clays	77	57	- 26.0
Gem Stones	39	40	+ 2.6
Others	6,607	6,746	+ 2.1
TOTAL	$597,648	$656,136	+ 9.8

Source: U. S. Bureau of Mines

Oil and Gas

Oil and gas and natural-gas liquids in 1960 accounted for almost 67 per cent of the State's total mineral production values--$436.4 million out of the minerals' grand total of $656.1 million. These preliminary figures represent percentage gains of 2 per cent for oil, 7 per cent for gas; and nearly 13 per cent for liquids. When output values of helium and of coal and of carbon dioxides are added, our production of mineral fuels increased 4 per cent in value over 1959 output, with every commodity experiencing gains.

In actual volume, current petroleum output rose 2 per cent over 1959, exceeding 100 million barrels for the second year in a row. This gain is based upon preliminary U. S. Bureau of Mines figures. The Oil and Gas Journal estimates the production at 108.4 million barrels; the New Mexico Oil Conservation Commission says 104.1 million. (See Table 19.) The important thing is that without doubt production again topped 100 million barrels. (Since the three sources named above are used often throughout this report, they will usually be indicated by "USBM," "OCC," and "O & GJ" to distinguish among them. For various reasons--differences in classification of wells, locations, and drilling operations, in estimates of reserves, in dates of estimation, and so forth--the totals from the three sources rarely agree completely. But their differences are not large enough to constitute significant contradictions.)

Production of natural gas from dry wells and residual gas from natural-gas plants marketed through pipelines rose 4 per cent, according to the Bureau of Mines, which also reports that natural-gas liquids (natural gasoline, butane, and propane) recovered at natural-gas plants went up 10 per cent in volume. This healthy boost could be partly attributed to two new processing plants which began operation during the year--Skelly's $3-million facility near Loco Hills in Eddy county and Pan Am's plant at the booming Empire Abo oil fields near Artesia.

Carbon dioxide, all of it recovered from Harding county wells and marketed as dry ice and liquid carbon dioxide, increased in production 23 per cent last year, as reported by the Bureau of Mines, which cannot disclose physical volume.

ALL THAT GLITTERS

All these production and value figures make the oil-and-gas picture for 1960 look cheerful and prosperous. Actually the year was full of gigantic

18. CRUDE OIL AND NATURAL GAS PRODUCTION
New Mexico, 1959 & 1960

	Crude Oil (000s bbls)		Natural Gas (000s MCF)	
	1959	1960	1959	1960
Lea	77,133.1	74,880.8	403,235.7	419,971.4
San Juan	12,296.0	12,234.4	264,294.3	295,669.2
Eddy	7,851.7	11,247.5	15,150.8	22,914.6
Chaves	4,090.0	3,613.6	2,180.0	1,675.8
Roosevelt	448.8	1,198.7	600.7	1,332.4
Rio Arriba	727.9	851.4	77,342.0	76,870.1
McKinley	114.4	84.8	0.0	0.0
Sandoval	11.8	11.5	150.1	11.7
TOTAL	102,673.7	104,122.7	762,953.6	818,445.2

Source: N. M. Oil Conservation Commission

problems, dark forebodings, and an austere and demanding climate. According to the O & GJ, 15 oil states experienced relatively mild gains in oil output, but 10 others had discouraging declines. Moreover, few of the 15 matched previous annual increases. Happily, New Mexico was not among the real oil sufferers.

The O & GJ (which constantly publishes a wide variety of oil-and-gas data that lend themselves to interesting comparisons) says that New Mexico recorded annual oil-production gains of 11 per cent during four of the last six years and a gain of 10 per cent during the fifth year. By contrast, 1960's 2-per cent rise looks meager indeed, yet this state's actual physical gain last year was better than such increases in neighboring states like Colorado, Oklahoma, Texas, and Utah; and New Mexico stood sixth in physical size of gain among all 25 oil states.

The nation's crude reserves differed little at the end of the year from the total at the end of 1959. Even with a fair gain in natural-gas liquids, the total 1960 increase was 220 million barrels smaller than the 1959 gain, which had not been considered sizeable. Lagging exploration was the reason both years (though in this respect, portions of New Mexico could not complain). Yet a conservative estimate sets the U. S. need in discovery and development at 100 billion barrels of new oil by 1980.

There was one major ray of hope last year in the national oil scene. The year's austerity and the gloom engendered in 1959 apparently brought to most of the industry, except the refining segment, a measure of wisdom admittedly needed during the last few years.

BIG PROBLEMS FOR OIL

At the beginning of 1960 most of 1959's harsh problems were still around: (1) a weak demand and, therefore, a market becalmed in the doldrums and showing only day-to-day interest in gasoline; (2) stultifying oversupplies, with spot gasoline prices held by inventory pressures to low levels (in January the level of distillate stocks was about 8 million barrels too high; heating-oil inventories had not improved much since their November all-time high of 181 million barrels; and gasoline stocks had not recovered from their record-breaking seasonal aggregate of 175 million barrels on hand at the end of the 1959 heavy consumer season); (3) sluggish exploration; skimpy profits; (4) sure-as-death threats from foreign oil, which had petroleum men asking themselves and each other how the U. S. industry with a daily average in crude of about 13 barrels per well (although the wells are multitudinous) is to compete with an industry like that in the Middle East with its 1,000-barrel-a-day average for comparatively few wells; (5) a vanished hope for any resurgence of demand or any substantial new restrictions on imports; (6) restricted allowances in prorationed states; (7) early retirement; and (8) rising unemployment among technicians, etc.

Then there were the old standby complaints against a quota system that "makes refiners importers," unusual weather, the failure of consumers to use as much oil and gasoline as expected, "cheap" natural gas (oil's growth in its heating market had dwindled during the year's first quarter to a rate of about 1 per cent a year, whereas gas was increasing its share rapidly), too many filling stations, excessive allowables in prorating states and no proration in others, excessive taxes, and discriminatory practices by common purchasers. Few of these difficulties were new or unexpected. The last four years have not been the brightest in the history of domestic oil. In 1958 a 25-per cent decline in earnings hit oil companies--9 per cent greater than the composite decline for all other industries together.

STEPS IN THE RIGHT DIRECTION

So 1960 dawned under threatening skies, if you saw them from an oil derrick. It is to the great credit of the industry that it was soon hard at work trying to set its house in order. The year before, even sympathetic observers were criticizing the industry for irresponsible management, declaring that it had to learn to meet changing conditions, cope with the slowing rate of growth in demand, adjust to surplus producing and refining capacity, and achieve more order in its markets.

By late summer of 1960, the O & GJ was saying editorially that the "crude oil end of the business is far and away in better shape than it has been for several years. Producers have stopped blindly blaming all their troubles on imports and are looking inward . . . ." This change in attitude was accomplishing several things: production was being tailored to meet only consumptive demand, crude surpluses were moving off into limbo (along with "distressed selling" and purchaser proration), most fields had a market, the deterioration of crude prices finally was halted, wiser and more efficient methods were being introduced all along the line so that price wars were fewer,

profitable sales were being approached more selectively with emphasis no longer on mere volume turnover, and a reversal of the frightening price decline of the springtime was achieved. Above all, there seemed a strong determination to hold production in line with demand and prices at profitable levels. Unfortunately, refineries showed less firmness in restricting production than did producers of crude.

To combat the problem of the approaching competition with the Middle East, at least two promising starts were made in 1960. State after state adopted wider well-spacing regulations for new fields, and east Texas began shutting in from 50 to 80 per cent of its wells and redistributing their allowables among the remaining wells. Because of the savings in maintenance and servicing at no loss in total production, the cost per barrel of production would be substantially reduced--the one obvious way to meet the Middle East head on by producing more oil per well from fewer wells. So, although 1960 was not a year of joy and gladness for petroleum people, and though some of the biggest headaches were still around, many old destructive and unprofitable practices began to disappear. One of the surest signs of improved management was the reversal of the downward trend of earnings.

TWO HEADACHES FOR NATURAL GAS

The natural gas industry in the nation and in the State fared better in 1960 than did oil. More than that, the future also looks better--if two big bridges can be successfully crossed. Perhaps the most important problem is that of finding new reserves. The second one is represented by the belief that gas pipeliners and distributors must improve the marketing and balancing of their load factors and uncover additional industrial uses besides the current major use of natural gas simply as boiler fuel; otherwise, natural gas is going to price itself out of many of its present markets.

The matter of reserves increases in significance daily. The industry is now harvesting some of the seeds it has sown for many years. Before 1935 or thereabouts, the natural gas industry wasted almost 40 per cent of its production because markets were insufficient. Now we are becoming apprehensive of the time when that 40 per cent might look like 100 per cent, for giant fields are harder and harder to find. Only 31 with reserves larger than 300 billion cubic feet were found between 1943 and 1952.

During 1960, U. S. reserves grew 4 per cent, and there were more well completions than during any other year since 1956. On the other hand, 1960 brought the second biggest gain in consumption of the last nine years, one of nearly 8 per cent; and most of the completions were field wells. It does not require higher mathematics to figure that such statistics do not augur well for the future of U. S. natural gas. If the present rate of annual U. S. consumption (13 trillion cubic feet) continues, today's known reserves will be gone in 21 years. At the end of 1959 we had a 22-year supply.

NEW MEXICO GAS

New Mexico has the nation's second largest, and the world's third largest, proved natural gas field--the San Juan-Blanco. (The Panhandle-Hugoton in Texas is first, and Algeria's Hassi R'Mel is second in the world.) The mid-continental United States has three enormous gas basins which promise good things. The richest is the Anadarko, spreading under Oklahoma, Kansas, Texas, New Mexico, and Colorado. Growth of such basins hinges upon new and adequate transcontinental gas lines. The six states of Texas, Louisiana, Kansas, Oklahoma, New Mexico, and California--in that order--are credited with almost 93 per cent of U. S. reserves. New Mexico, according to the American Gas Association, had an estimated 17,913 billion cubic feet at the beginning of 1960; but those reserves dropped more than 6 per cent by the end of the year. Also, one less new gas field was tapped last year than the year before.

New Mexico's 1960 gas production is credited with various percentage gains, depending upon which preliminary data one uses: the OCC, 7 per cent; USBM, 5 per cent; O & GJ, a big one of more than 13 per cent. Since annual changes as reported by any of the three agencies are comparable within any one set of figures (if not with figures from the other agencies), it is interesting that the Journal shows a 5-per cent gain for 1958, a loss of nearly 3 per cent for 1959, but a quite large gain for last year, indicating that 1960 was

19. PRODUCTION AND EMPLOYMENT IN PETROLEUM MINING
New Mexico, 1959 & 1960

		Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec	TOTAL
Crude Oil Production (000s of bbls)	1959	8,491	7,654	8,588	8,448	8,728	8,551	8,737	8,751	8,460	8,828	8,566	8,872	102,674
	1960	8,929	8,532	8,864	8,324	8,662	8,393	8,796	8,936	8,698	8,870	8,758	8,361	104,123
Volume of Natural Gas Production (000s MCF)	1959	89,137	64,626	59,366	54,578	56,693	57,619	60,182	60,983	60,083	60,495	66,794	72,398	762,954
	1960	77,633	69,489	72,529	63,742	65,857	61,034	62,880	65,607	60,694	67,433	72,443	79,104	818,445
Employment in Petroleum Mining	1959	9,800	9,800	10,000	10,000	10,400	10,600	10,400	10,400	10,400	10,400	10,300	10,300	10,200*
	1960	10,500	10,000	9,700	10,200	10,300	10,400	10,100	9,800	9,600	9,500	9,500	9,300	9,900*

*Average monthly employment
Sources: N. M. Oil Conservation Commission and N. M. Employment Security Commission

a good gas year in comparison with recent ones. Though annual changes reported by the other two agencies do not coincide with each other or with the Journal's, all show 1960 as the best gas-production year of the last three years.

It is, nevertheless, something to ponder--that the State's San Juan-Blanco basin, though second in size in the nation, produces less than 4 per cent of the total U. S. output. Much future development is indicated, we hope.

OIL AND GAS HEADLINERS

The most exciting phrase in New Mexico's 1960 oil record was "Empire Abo." Last year's Summary Issue of NEW MEXICO BUSINESS showed the Empire Abo with a 1959 production of 797,000 barrels, a cumulative production of 903,000, estimated reserves of 19.1 million barrels, and a total of 40 wells. Reference to Table 21 shows how that story has changed! The rapid development of the Abo-Permian reef trend across the northern shelf of the Delaware basin was the crowning achievement of a terrific year of drilling in southeastern New Mexico. Impressive new Devonian and Pennsylvanian reserves from oil and gas were tapped again and again. By the end of the year observers were feeling fairly certain that the Delaware basin, with at least a 45-mile-square portion lying within New Mexico, is a major Pennsylvanian gas reservoir.

Although late 1959 had already brought a genuine upswing of exploration in southeastern New Mexico, such activity was nothing compared with that which came during 1960, turning Eddy and Lea counties into what the press was calling "the country's hottest drilling areas." As many as 40 rigs were cutting into the Abo at one time during the year. In one week in March Eddy drilling batted 1,000 in oil completions--five field wells and one discovery, all of them in northern Eddy and most of them in the Empire Abo. (This feverish drilling activity was in marked contrast to what was occurring in much U. S. oil-and-gas country.) After almost a decade, the Abo was coming into its own, the first strike having been made in 1951 at the Lovington fields, but little interest having been centered in the Abo until it proved profitable 50 miles farther west in Eddy in 1958. Reserves are estimated to run from a minimum of 10,000 barrels per acre at Empire to 25,000 at Lovington. One of 1960's biggest finds was at the Vacuum Edge unit. This was one of the very few exploration areas in the country which saw no drilling slump at any time during the year. Also, as indicated, the Delaware was not giving up oil alone. The area also experienced a rash of successful gas discoveries, especially on the north shelf and western fringe areas of the Delaware.

20. TOTAL OIL-WELL COMPLETIONS
New Mexico, 1949-1960

	Total	Field Wells	Wildcat Wells
1949	501	426	74
1950	607	528	79
1951	773	668	105
1952	1,053	888	165
1953	1,418	1,250	168
1954	1,126	970	156
1955	1,663	1,501	158
1956	1,904	1,626	278
1957	2,129	1,862	267
1958	1,910	1,644	266
1959	2,077	1,817	260
1960	1,850	1,600	250

Source: Oil and Gas Journal, January 1961

In August the O & GJ reported that Lea county was "on fire," listing nine important new oil discoveries and four gas finds. Said the magazine: "Lea County, New Mexico, with 13 significant discoveries this year, has shoved aside all challengers as the Permian basin champ. In total activity it has outstripped even Andrews County, Texas, long the leader in that field.

"Some of the new Lea County rewards have come from rank wildcatting, some from extension of older fields, and some from discovery of new pays in old areas . . . . These strikes play up the fact that there is plenty of oil hunting yet to be done in such old oil and gas provinces as this."

The Abo Empire and other Delaware fields were not the only hot spots in this state last year. Up in the San Juan basin those deep Dakota rocks, first found exciting in 1958, were still proving to be pay dirt. In 1959, 42 new pools were opened up--three oil and 39 gas, with 18 of the gas wells being dual completions. By the end of the very first month of 1960 three new gas pools had been tapped. A single week in mid-March brought 10 successful completions in San Juan county--five gas and five oil. The next week two dual completions came in.

The week of July 18 saw five exploratory wells drilled in unexplored country by a single company, with all five proving to be oil strikes. They were on the far eastern rim of the San Juan basin and were the first producers there. These San Juan discoveries were not large, comparatively speaking, but they did indicate an important oil-and-gas potential; and the success there was considered a forerunner of things to come.

Roosevelt county, a comparative Johnny-come-lately to the New Mexico oil picture, gained about 32 oil wells during the year, with close to a dozen drilling operations under way at the end of 1960. Most of the Roosevelt activity has centered in the new South Prairie field southeast of Milnesand near the old Bluit community. In December, 39 wells were producing oil there. Fourteen others were also hard at work west of Milnesand in a field inactive for two years. In September, oil with daily potentials of over 1,000 barrels a day

was found just west of the Bluit field and set new drilling in action.

OUR OIL BOWLS

It will be a long time--if ever--before southeastern New Mexico oil fields yield their domination of the State's oil production. Among our 53 oil fields which last year produced at least 1,000 barrels per calendar day, only three were in the San Juan basin. The year before, that area had four; but the Gallegos did not make the list in 1960. In terms of total wells represented by the fields the southeast section has 9,145 of the State's estimated total of 10,041 (O & GJ). The total represents a New Mexico gain of 535 during the year. Of the grand total of 14,360 operating oil wells reported by the OCC in December, only 1,367 were in the northwest.

Among the really large oil fields seven are considered giants--fields with an ultimate recovery estimated at 100 million barrels or more. In 1960 Empire Abo joined the six reported last year. Annual production of the seven was almost 28 million barrels; their cumulative production reached 643.6 million barrels; their reserves are estimated at more than 378 million barrels; and their wells total 2,514. The Denton field (all zones) led the giants in production, with 6.3 million barrels; the Hobbs had the largest cumulative production--116.8 million barrels; the Empire Abo leads in reserves--95.5 million barrels; and the Caprock and East has the most wells--617. The field with the State's largest number of wells is not one of the giants but the Langlie Mattix which has almost 300 more than the Caprock and East. New Mexico's oil wells reported by the OCC as operating in December 1959 and 1960 were distributed according to county in this fashion:

	1959	1960
Lea	8,377	8,830
Eddy	2,913	3,255
San Juan	1,075	1,245
Chaves	635	702
Rio Arriba	90	132
McKinley	53	55
Roosevelt	21	53
Sandoval	12	14
TOTAL	13,176	14,286

(These are not necessarily new 1960 completions, of course.) The State had close to 90 multiple completions in 1960, 50 in the San Juan and 39 in the Permian.

OUR GAS JETS

Geographical emphasis shifts when we consider natural gas. Here the San Juan basin is king.

	1959	1960
San Juan Basin:		
San Juan	3,220	3,633
Rio Arriba	1,135	1,184
	4,355	4,817
Permian Basin:		
Lea	1,180	1,217
Eddy	38	49
Chaves	2	2
Roosevelt	0	2
	1,220	1,270
TOTALS	5,575	6,087

Perhaps the one most important aspect of the 1960 gas picture was the continuing payoff from those deep Dakota rocks, already referred to. Cumulative gas production through 1960 has been estimated at 7,407,319 million cubic feet. As reported by O & GJ, New Mexico yields of two out of our three categories of gas liquids last year surpassed 1959 production: L-P gas, 1.7 million gallons daily (1959, 1.6 million); natural gasoline, 686,000 gallons daily (1959, 695,000 gallons); all others, 2.5 million gallons daily (1959, 2.4 million). Percentages of crude plus unfinished reruns which went into major products last year were 41.7 per cent into gasoline, 1.5 per cent into kerosene, 18.1 into distillate, and 10.7 into residual oil. All percentages are slightly smaller than two years ago except that for residual, which is a little higher. In the matter of liquid reserves we managed a small 1.9-per cent gain.

THE IMMEDIATE OUTLOOK

Economists say that the cost of finding, developing, and producing a barrel of oil in the Mid-Continent-Rocky Mountain Area was $2.47 during the 1955-1959 period. At that time the average price for crude was $2.82. Obviously, the cost must be reduced. And so operators are promising themselves that 1961 will see some of the following actions become common practices:

1. miniaturization of drilling and production equipment
2. improvement of rig hydraulics
3. new techniques like formation fracturing, sonic logging, magnetic-tape recording of seismic records
4. wider well spacing
5. reduction of wasteful duplication of efforts through the use of commercial-well record services, cooperative geophysics programs, sample services, unitized operation, etc.
6. industry support of improved conservation legislation aimed at more efficient use of our natural resources, state and national

7. improved business climate for the industry, achieved through reducing adverse public opinion by instigating worthwhile civic, educational, and charitable activities

"Creeping improvement" is hoped for in 1961. The general feeling is that the oil business hit the bottom of its barrel (not in supply but in decline) during 1960 and then caught its breath and began the return trip upward. It found some ways in which to lighten the millstone around its industrial neck--surplus capacity, it worked off a nice portion of its heavy inventories so that much of the pressure was taken off prices, and it generally increased efficiency in line with the industry's obvious needs.

21. DATA ON SELECTED OIL FIELDS
New Mexico, 1960
(thousands of barrels)

Field	1960 Output	Cumulative Production	Estimated Reserves	Number of Wells
Northwest:				
Bisti	4,736	17,707	38,293	369
Horseshoe	4,615	8,570	30,430	338
Verde	2,003	5,209	16,791	189
Southeast:				
Anderson Ranch (all zones)	1,056	7,797	24,203	25
Arrowhead	456	23,590	6,410	93
Artesia	870	13,442	10,558	430
*Caprock & East	5,525	44,415	55,585	617
Crossroads	1,480	13,206	21,794	23
*Denton (all zones)	6,293	76,122	48,878	106
Dollarhide, West	1,607	20,963	19,037	182
Drinkard	1,465	49,472	25,528	457
*Empire-Abo	3,513	4,464	95,536	163
Eumont	2,199	48,828	21,172	581
*Eunice	1,696	98,548	43,452	294
Eunice South	1,116	16,069	16,931	224
Glatiola	6,031	32,217	27,783	106
Grayburg-Jackson	1,707	44,369	11,631	600
Hare	522	13,207	15,793	75
*Hobbs	3,357	166,811	29,189	333
Jalmat	1,848	53,308	36,692	413
Justis	3,198	6,225	43,775	146
Kemnitz-Wolfcamp	1,910	6,074	20,926	36
Langlie-Mattix	2,955	54,529	35,471	900
Lovington & East & West	2,137	35,411	19,589	254
Maljamar	2,820	43,388	36,612	426
*Monument	4,820	161,511	72,489	517
Saunders & South	2,306	18,506	15,494	101
Square Lake	422	10,326	19,674	270
Townsend-Wolfcamp	795	13,421	36,579	93
*Vacuum	3,308	91,687	33,313	484

*Fields with ultimate recovery estimated at a minimum of 100 million barrels each
Source: Oil and Gas Journal, January 1961

The Oil and Gas Journal summed up its prophecies in what it called a "Capsule Forecast":

1. Demand will rise from 2 to 3 per cent.
2. Production of crude will go up from 250,000 to 300,000 barrels a day and gas liquids to 60,000 barrels a day.
3. Prices will be pushed upward by higher labor costs.
4. Drillings should increase by about 1 per cent, with emphasis on wildcatting.
5. Capital spending will be expanded by 6 to 8 per cent overall, with the sharpest increases occurring in refining, petrochemicals, and gas pipelining.
6. Natural gas production will rise 5 per cent and prices even more, as higher-priced new gas reaches the markets.

Uranium

The nation had no difficulty last year in maintaining its position as the world's top uranium producer, turning out close to 8 million tons of ore, valued at $155.7 million, and 17,730 tons of U_3O_8, worth more than $300 million. Reserves at the beginning of 1961 were estimated at 82 million tons, containing 0.28 per cent U_3O_8--a tonnage loss of only about 4 million from 1959, despite the 8 million mined during the year.

Under existing milling contracts, many of which have been extended through 1966 with others under examination, it will be necessary for only a portion of the reserves in several large deposits to be mined to meet AEC deliveries. Therefore, despite a minimum of exploration (in comparison with feverish activities not many years ago) and the dearth of big discoveries since about 1958, the AEC estimates that the equivalent of from 45 to 50 million tons of average-grade ore will remain after 1966 deliveries have been completed. Since a certain amount of development of reserves is routine, there will in all probability be several million tons added by that time.

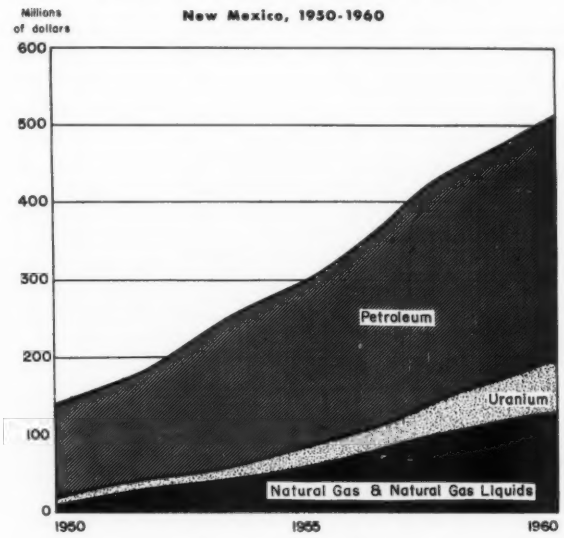
NEW MEXICO MINES AND MILLS

This state had no more trouble in maintaining its top spot in uranium than the nation had: of the 1960 U. S. production of 7,921,592 tons of ore, New Mexico contributed 3,757,200, or 47 per cent. Both the nation and the State recorded new production highs, with each increase being one of 15 per cent over 1959 figures. The following tabulation presents preliminary figures on all 1960 uranium ore produced:

	Tons of Ore	Value
Alaska, California, Nevada, and Texas	74,850	$ 1,474,000
Arizona	280,000	5,700,000
Colorado	1,150,900	24,234,000
Idaho, Montana, Oregon, Washington, and New Jersey	177,642	3,341,000
NEW MEXICO	3,757,200	63,684,000
South Dakota	33,400	505,000
Utah	1,071,000	27,800,000
Wyoming	1,376,600	29,000,000
TOTAL	7,921,592	$155,738,000

With output valued at $63.7 million, uranium was again the leader among New Mexico metallics and accounted for almost 10 per cent of the value of the year's total mineral production. Valencia and McKinley continued to be our major uranium counties. Their combined ore output was 15 per

Value of Selected Mineral Yields



cent larger than the year before, and the grade of the ore shipped remained 0.21 per cent U_3O_8--4.2 pounds to a ton.

The experience of two of our biggest uranium firms was probably typical of most of them. Both Anaconda and Homestake-Sapin report a year of stability. A. J. Fitch, of Anaconda, says that operations at the Jackpile mine and the Bluewater plant went forward without interruption so that all production schedules were easily met. In view of the concern throughout the State regarding uranium-mine accidents, Anaconda is properly proud of its 1960 safety record--no fatal accidents and very few involving loss of time. Furthermore, this company installed a new radiological health laboratory at Bluewater, to supplement the already elaborate health program. A company spokesman said in the summer that Anaconda's aim is "to provide safe working conditions for all employees and to prevent radiation hazards to the surrounding community." Also, according to the U. S. Bureau of Mines, Anaconda found an ore body even larger and richer than its fabulous Jackpile mine. The new mine is the Paguate.

Mr. Fitch writes that his company expects operations to "continue with the same stability to the end of 1966 [expiration date of their AEC contract]. Operations thereafter will depend entirely upon the market demand for uranium concentrate and our ability to produce profitably."

L. W. Swent, of Homestake-Sapin, describes 1960 as a "year of levelling off" for that company. Mines reached their initial development, production was begun, and the AEC contract was renegotiated and extended through 1966. So--in Mr. Swent's words--the year was the "first one that could in any way be classed as close to the 'normal' which we hope to achieve . . . and marked the end of a several-year period of hectic activity to bring the enterprise into production and to the beginning of the steady production stage."

The Homestake Mining Company was among the companies which last year acquired additional reserves by buying mining properties. The Homestake purchase was a substantial interest in the Lance Corporation, a wholly owned subsidiary of Sabre-Pinon Corporation, with mines in McKinley county. One newcomer, Rare Metals Corporation of America, began production at its McKinley mine the San Mateo. The six New Mexico mills operated continuously throughout the year, and Kerr-McGee completed the installation of a vanadium-oxide recovery unit at its Navajo mill at Shiprock and began operations early in the year.

Some idea of the importance of the uranium industry to the State--entirely aside from payrolls and actual production value--may be gained by examining claims of the various companies regarding taxes paid by them on sales of uranium concentrate made through March 31, 1960. As reported by the Albuquerque Journal, the claims are as follows:

Anaconda, since June 7, 1957--$520,832, on sales totaling $104.2 million.

Homestake-N. M. Partners, since April 1, 1958--$54,303, on sales totaling $10.9 million.

Homestake-Sapin Partners, since August 1, 1959--$111,058, on sales totaling $22.2 million.

Kermac Nuclear Fuels, since December 1, 1958--$172,230, on sales totaling $34.4 million.

Kerr-McGee, since June 1, 1957--$75,106 on sales totaling $15 million.

Phillips Petroleum, since August 1, 1958--$128,840, on sales totaling $26 million.

THE FUTURE

Neither uranium official quoted above implied that 1960 solved uranium's problems. But their use of words like "stable" and "normal" cannot be considered expressions of pessimism. Stabilization of the uranium industry was world wide last year. As Business Week said in the spring: "The U. S. domestic uranium industry has just about reached a peak and shows little sign of increasing production through the 1960s."

So short a while ago as 1956 no one could see any limit to the future of the new and booming industry. All the big governments--especially, the U.S.--thought they needed as much uranium as could be found. Not just for nuclear weapons, though there lay the most urgent need; but also for nuclear-powered generators, which were to change almost overnight the structure of the world's electricity-producing industry, especially those segments located in countries poor in oil and coal.

22. U. S. URANIUM PROCESSING PLANTS

February 1961

Company	Mill Location	First Contract Signed	Present Contract Expires	Rated Daily Capacity (tons of ore)	Estimated Cost of Mill (000s)
ANACONDA	Grants, New Mexico	12/27/51	12/31/66	3,000	$ 19,358
Climax Uranium	Grand Junction, Colorado	7/10/50	12/31/66	330	3,088
Cotter Corp.	Canon City, Colorado	5/23/57	2/28/65	200	1,800
Dawn Mining	Ford, Washington	8/8/56	12/31/66	400	3,100
Fed.-Radorock-Gas Hills Partners	Fremont Co., Wyoming	4/10/59	12/31/66	520	3,370
Globe Mining	Natrona Co., Wyoming	5/12/59	12/31/66	490	3,100
Gunnison Mining	Gunnison, Colorado	11/15/56	12/31/62	200	2,025
HOMESTAKE-N.M. PARTNERS	Grants, New Mexico	12/20/56	3/31/62	750	5,325
HOMESTAKE-SAPIN PARTNERS	Grants, New Mexico	4/23/57	12/31/66	1,500	9,000
KERMAC NUCLEAR FUELS	Grants, New Mexico	5/3/57	12/31/66	3,300	16,000
KERR-McGEE OIL INDUSTRIES	Shiprock, New Mexico	8/17/53	6/30/65	300	3,161
Lakeview Mining	Lakeview, Oregon	11/18/57	11/30/63	210	2,600
Mines Development	Edgemont, South Dakota	4/28/55	3/31/62	400	1,900
PHILLIPS PETROLEUM	Grants, New Mexico	9/17/57	12/31/66	1,725	9,500
Rare Metals Corp. of America	Tuba City, Arizona	7/15/55	3/31/62	300	3,600
Susquehanna-Western	Riverton, Wyoming	12/4/57	12/31/66	500	3,500
Susquehanna-Western	Falls City, Texas	7/25/60	12/31/66	200	2,000
Texas-Zinc Minerals	Mexican Hat, Utah	7/17/56	12/31/66	1,000	7,000
Trace Elements	Maybell, Colorado	8/10/55	3/31/62	300	2,208
Union Carbide Nuclear	Rifle, Colorado*	10/2/47	3/31/62	1,000	8,500
Union Carbide Nuclear	Uravan, Colorado	4/13/49	3/31/62	1,000	5,000
Uranium Reduction	Moab, Utah	6/1/55	12/31/66	1,500	11,172
Utah Construction & Mining	Fremont Co., Wyoming	11/14/56	12/31/66	980	6,900
Vanadium Corp. of America	Durango, Colorado	2/17/49	3/31/62	750	813
Vitro Chemical Company	Salt Lake City, Utah	10/25/51	3/31/62	600	5,500
Western Nuclear	Jeffrey City, Wyoming	8/10/56	12/31/66	845	4,300
TOTALS	26 mills			22,300	$143,820

*Union Carbide Nuclear Company also buys ore at Slick Rock, Colorado, and Green River, Utah, as feed for the Rifle mill.
Source: U.S. Atomic Energy Commission.

But the free world overplayed its hand, building up its mining and milling capacity--largely on the strength of military need--so rapidly that almost as fast as the boom had come there came the realization that a little uranium goes a very long way. Now, many uranium experts and observers feel that the situation is one of holding on until late in this decade, when there just could be another boom if nuclear power plants have by then become genuinely competitive.

Certainly, the industry made real progress during 1960 in several areas: in the technology of both mining and milling; in building of reactors, especially for propulsion; in manufacturing radiometric instruments; in using radioisotopes in agriculture, industry, and medicine. Gains like these are essential to the future well-being of the industry.

Efforts to assure the eventual wide and efficient use of nuclear energy in the production of domestic electric power began to pass some important milestones. The 180,000-kilowatt nuclear plant built by General Electric for Commonwealth Edison at Dresden, Ill., was dedicated last year. Dresden production plus that of the well-known pioneering Shippingport, Penn., facility (built by Westinghouse and in operation since 1957) brought to 240,000 kilowatts the capacity of nuclear plants then supplying eastern domestic power. Since then, the Yankee plant at Rowe, Mass., has added another 110,000 kilowatts. Together, the three eastern nuclear plants have the capacity of generating power equal to two tenths of one per cent of the nation's total electrical capacity. A minute share, but a beginning.

Last June a G.E. representative told uranium people in Grants that General Electric expected to invest $100 million in atomic-age research, anticipating that by 1980 the nation will use more than 25 million tons of uranium ore annually just to fuel reactors generating electric power. Such annual consumption would be more than three times the 1960 domestic production. The speaker also reminded his audience that uranium needed for marine propulsion--already an important market--will be in addition to the needs of the domestic electric-power market.

Also, rumors have been flying to the effect that electric power from hydroplants in the Northwest will be supplemented by power generated at the enormous nuclear facility now under construction at Hanford. At least one government official has been quoted as saying that the Hanford plant will be the world's largest atomic-power installation, with a capacity as large as one and a half Bonneville dams.

In this connection, the AEC testified early in 1960 before the House-Senate Committee on Atomic Energy that utility companies could by then build atomic power plants capable of supplying electricity competitive in price with conventional power--at least in certain areas of high fuel

23. AEC PURCHASES OF URANIUM CONCENTRATES
Western States, 1960

State	Number of Mills	Pounds of U_3O_8 (000s)	Percentage of Total	Cost (000s)	Percentage of Total
NEW MEXICO	6	15,519	44.0	$125,146	41.1
Colorado	7	6,234	17.7	61,257	20.1
Utah	3	6,067	17.2	54,641	17.9
Wyoming	5	5,540	15.7	44,799	14.7
Others: Arizona, South Dakota, Oregon & Washington	4	1,913	5.4	18,874	6.2
TOTAL	25	35,273	100.0	$304,717	100.0

Source: U. S. Atomic Energy Commission

costs. Such capability is especially true, the AEC declared, in the case of pressurized water reactors, considered the most advanced of several potential nuclear-power reactors.

At that time, according to AEC Chairman McCone, two West Coast utilities were considering the building of commercial-size atomic power plants, which would have a total power production of from 600,000 to 650,000 kilowatts. Early in the year General Electric had submitted a plan whereby it would build a 300,000-kilowatt plant, using a boiling-water reactor. The cost would be $200 per kilowatt. Westinghouse had made a similar offer to build a plant with a pressurized water reactor.

Obviously, strides are being taken by the uranium industry and associated industries, and gains made during 1960 undoubtedly made "holding on" seem a happier situation than it would have been otherwise. Through 1966 the industry should proceed at an even pace. What comes thereafter remains to be disclosed--we hope in a laboratory rather than on a battlefront. At any rate, New Mexico's mines and mills will continue to hold their own as the giants of the U.S. industry.

Lead and Zinc

LEAD

Although 1960 brought no reason for jubilation to the lead industry, it turned out to be in some ways better than anticipated. For example, the lead market behaved surprisingly well, showing a steadiness not exactly in line with the continuation of world overproduction, with producers' stocks still piling higher and higher. One explanation could be the fact that there were two long strikes during the year, which, of course, reduced production. At the same time, demand held up better than most people would have thought possible, in view of the general business slump across the nation.

Total domestic consumption in 1960 was only about 5 per cent under that in 1959, while a few small gains were made in the consumption of some lead categories; for instance, in the use of tetraethyl lead, demand for which rose 3 per cent, and the use of red lead and litharge in paints and chemicals, which increased somewhat.

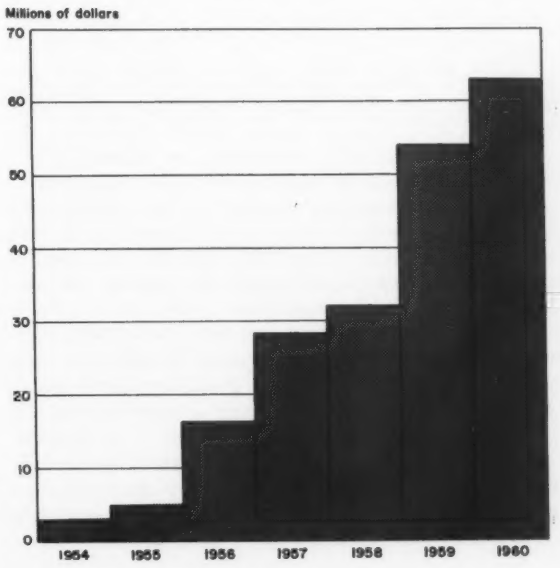
U. S. mines turned out the smallest production of this century--less than 250,000 tons of lead content. Imports were somewhat restricted by the quota system, which also operated in 1959. Abroad, lead output went on climbing, so that producers' inventories now bulge at the seams. Though additional quota help was sought from the U. S. Tariff Commission, there was no change in quotas and no extension of them to fabricated lead products, as asked for by the domestic lead industry.

WEAKNESS LATE IN THE YEAR

By the end of 1960 price and sales were both down, while stocks were up. The drop in primary sales was larger than that in consumption, because consumer inventories were being reduced and secondary material was being used increasingly.

The crystal ball is befogged with uncertainties. However, some traditional uses of lead gave indication last year of strengthening this year; also, several important new uses were established, and additional new ones were glimpsed. The Lead Industries Association recognizes all the problems and is hard at work seeking new uses

Value of New Mexico Uranium Production
1954-1960



24. PRODUCTION AND EMPLOYMENT IN METALS MINING
New Mexico, 1959 & 1960

		Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec	TOTAL	Monthly Average
Production															
Gold (fine ounces)	1959	431	287	218	243	240	424	483	164	61	70	221	313	3,155	263
	1960	544	438	328	468	380	357	416	460	453	626	450	480	5,400	450
Silver (fine ounces)	1959	16,242	12,170	12,181	12,236	13,132	25,127	18,659	12,632	5,482	6,560	9,229	15,275	158,925	13,244
	1960	23,792	30,203	32,913	28,411	25,591	24,288	22,788	24,484	21,631	25,799	25,500	25,600	311,000	25,917
Copper (short tons)	1959	5,808	5,241	6,824	5,615	5,895	3,800	5,165	954	102	121	69	94	39,688	3,308
	1960	7,110	8,649	6,222	5,577	4,655	3,060	4,899	5,731	5,318	5,479	5,300	5,400	67,400	5,616
Lead (short tons)	1959	na	na	na	na	na	68	36	91	136	205	114	144	829	69
	1960	98	232	277	195	208	198	154	186	147	155	170	180	2,200	184
Zinc (short tons)	1959	na	na	na	na	na	na	na	627	794	1,114	1,018	1,038	4,636	386
	1960	1,087	1,307	1,206	1,138	1,134	1,134	1,063	1,304	1,180	1,032	1,100	1,115	13,800	1,150
Employment in Metals Mining	1959	5,100	5,300	5,300	5,500	5,400	5,600	5,600	5,600	4,400	4,500	4,800	4,800	--	5,200
	1960	6,000	6,200	6,400	6,400	6,600	6,600	6,800	6,700	6,700	6,600	6,600	6,600	--	6,500

na - not available
Sources: U. S. Bureau of Mines and N. M. Employment Security Commission

and technical improvements. As the Engineering and Mining Journal said in its February 1961 issue:

". . . there is little question that more people are working with more different lead products in more fields of application than ever before, and more technical information is being made available to them with which to work."

In New Mexico, lead-production value rose 167 per cent--a figure that seems more than substantial. But, again, most of the impressiveness must be laid at the door of the almost nonexistent lead production in 1959. Despite its gain over 1959's value, last year's ($510,000) was 66 per cent smaller than that in 1957.

Most of the lead produced in this state in 1960 came from the Hanover mine, operated by Empire Zinc Division of The New Jersey Zinc Company, and the Lynchburg mine, operated by lessees Patten and Galassini.

ZINC

As 1960 opened, zinc people had high hope that the gloom permeating their landscape might soon be dissipated. But it was a forlorn hope: by the end of the year zinc was still in woeful oversupply, prices here and abroad were down to 12 cents, and production throughout the rest of the Free World--which was in the midst of a zinc boom--continued unchecked. Strikes in the domestic industry helped here, as in lead, to prevent greater market softness.

Although the U. S. zinc industry recorded somewhat larger mine and smelter production last year from the year before, consumption dropped sharply in the last six months so that the annual decrease was around 9 per cent. In New Mexico, zinc output rose substantially, with value of output showing a gain of 234 per cent. Had the 1959 valuation been sizeable, 1960 would have looked much less strong. (See Table 24 for 1959 and 1960 production on all metals.)

After being inactive for three years, the Kearney zinc mine at Hanover and the Peru concentrator at Deming went into operation, again, being run as a joint venture of American Zinc, Lead and Smelting Company and Peru Mining Company (doing business as American-Peru Mining Company). According to J. W. Faust, vice president, during 1960 considerable developmental work took place at Hanover, including diamond drilling and drifting and raising underground. Actual mining operations began on January 2, 1961, despite the fact that the price of zinc was dropping. "At the present time," Mr. Faust informs the Bureau, "we are stockpiling our concentrates and hope that in the near future the price will rise to where we can sell them at a small profit. We are stockpiling these concentrates at Deming and are rapidly approaching the time when we are either going to have to sell the concentrates or temporarily suspend operations until we can sell at a profit."

According to the U. S. Bureau of Mines, some additional drilling was also done at the company's Pewabic mine nearby. An earlier statement from the joint management said that the mining and milling operations would provide jobs for about 100 persons if and when the combined operations went on stream. So far as we can learn, the only other zinc production in the State in 1960 came in the form of by-product metal.

Zinc men waged a hard fight during the year to obtain a greater degree of aid from the federal government. Though a small mines-subsidy bill, which would have given zinc some relief, passed both the House and the Senate, it was vetoed by President Eisenhower, and import quotas remained unadjusted. The Administration's position was that existing import quotas "by and large are doing the job they were meant to accomplish,"

with spokesmen pointing out that before existing quotas went into effect, the world's surplus lead and zinc "found a repository in the United States" and prices went down. Since the setting up of the quotas, "the position of the domestic industry has steadily improved" as stocks of the minerals have declined.

Throughout most of the year the industry was split on the question of how high new tariffs (if they could be obtained) should be. Some domestic producers wanted rates as high as 4 cents a pound; leading smelters wanted much lower rates. The existing tariffs run from 3/4 cent to 1 1/4 cents a pound.

ZINC PROSPECTS

The argument did not really matter, for no additional aid came for lead and zinc. Nevertheless, despite the gloom of 1960, the future of zinc is apparently good. New fields of use are being found and old ones expanded. For example, a brand-new zinc market now exists in the use of galvanized steel in automobiles. An estimated 210,000 tons of continuously galvanized strip were used in 1960 models, compared with auto uses totaling 158,280 tons in 1959, 133,215 tons in 1958, and 124,196 tons in 1957. Other less dramatic new uses give zinc men encouragement; New Mexicans sincerely hope they are right.

Copper

Headlines told the copper story in 1960:

"Metal Market Picture Mixed"--February

"Copper Industry Nearing Normal"--March

"Copper Output Climbs"--March

"Metal Market Prospects Brighten"--April

"Copper Prices Rise, Fall Back"--May

"Copper Market Confused"--June

"Copper Prices Grow Shakier"--October

"Copper Prices Dip, Future Dim"--October

"Copper Stocks Hit 2-Year High"--November

"Kennecott to Cut 275 Off Payroll"--January, 1961

That is it, in 10 headlines. Because of shortages caused by the long and costly strikes of 1959, early-1960 demand for copper was good. But a steady flow of copper into the market, plus Free-World production that was far above consumption (U.S. output rose 31 per cent; New Mexico's rose 70 per cent), began to weaken prices and the whole copper situation and resulted in a price cut by major domestic producers to 29 cents a pound. At one time in January the domestic refinery price had been as high as 33.815 cents.

Although in New Mexico there was a 77-per cent increase in value of copper production over that in 1959, the figure loses much of its impressiveness when one remembers the 1959 strike and its paralyzing effect upon production that year. This state's one major copper producer Kennecott followed the pattern of the U.S. industry, according to E. A. Slover, general manager of the Chino Mines Division. Chino production was "steady throughout the year on a full-time basis (seven days per week, three shifts per day) and the company employed about the same work force throughout the year." But early in 1961, production curtailment was found necessary, so the work week was reduced to a six-day basis, and layoffs affected 275 employees.

As is true throughout the industry, Kennecott in New Mexico is--as Mr. Slover says--"continuously striving to offset the effects of rising costs in our operations. These are due chiefly to a low-copper content in the ore we process along with higher costs of labor, materials, supplies, and services. . . . The effects of cost increases are being offset by increased efficiencies resulting from methods and equipment improvements and by carefully watching expenditures."

Installation of a $2-million skip-haulage system at Chino to raise ore and waste from the open-pit mine was begun in 1960 and will be completed about May of this year. The two-car "inclined railroad" will remove 18,000 tons of material a day, taking it up a 30-degree incline from a depth of 600 feet and will eliminate nearly nine miles of railroad hauling. Other improvements initiated included a 16,000-kilowatt power plant and enlargement of the copper precipitation system.

Kennecott has a Research Center in which constant efforts are directed to greater efficiency in operations, wider use and uses of copper, recovery of additional by-products from copper ores, etc. In company with all other segments of our mining industry, the copper segment is striving mightily to achieve a new stability in what well may be a new and important era in its history. For decades, one of the most significant facts about copper was that it was almost always in short supply. As such shortages developed, the price of the red metal soared periodically to very high elevations.

Now, however, the situation seems to be reversed--perhaps permanently: the new era is one

of superabundance and vast overcapacity. So the old problem--and a right happy one--of meeting demand has been replaced by the unhappy one of trimming supply and restricting capacity so as not to keep the price applecart everlastingly upset.

As Mr. Slover sees the outlook for copper, it is "somewhat uncertain." Elaborating, he says that "copper is produced in a world market with the result that political and economic changes throughout the world have some influence on all producers. We do not know at this time whether further curtailment of [Chino] output will be necessary or whether we will continue at our present rate of production. Also, our contracts with the various unions expire on June 30, 1961, and we cannot predict what influence this may have on our operations for the year."

In addition to Chino, Bayard mines in Grant county and the Bonney and the "85" in Hidalgo also reported some 1960 copper production.

There were a few encouraging angles to copper last year. Although fabricators consumed 8 per cent less copper than in 1959, the drop was not so large as some observers had feared. Also, foreign purchases set a record, both in deliveries and in consumption. However, this factor may have a weakening effect upon the 1961 scene, depending upon how much foreign buyers stockpiled their copper. If apprehension over the African situation led to inventories too large to be realistic, then 1961 may see even weaker copper markets here.

Potash

The value of our potash production last year was more than 12 per cent higher than that in 1959, and it moved into second place in importance among all units of mineral production in the State. The industry managed to bring production and deliveries into a happier relationship than had existed for two or three years, when production had been carefully reduced in order to cut down high inventories.

Gains were made both in production and deliveries last year, total U. S. production being estimated at 2.6 million tons K_2O (approximately 4.4 million tons of product), with about 2.4 millions coming from New Mexico. Total deliveries were up by a small amount, but exports grew 35 per cent.

AN AVERAGE YEAR

Potash men in general seemed to consider 1960 a "normal" or "typical" year. As a spokesman for National Potash Company said, "The very slight overall increase in total deliveries of potash during the period was insufficient basis for taking the year out of the 'normal' category. It was more just a continuation of a gradual trend of the past couple of decades. As far as our company was concerned, our year was not materially different from the rest of the industry."

A statement from United States Borax & Chemical Corporation was in the same vein, reporting that although sales in fiscal 1960 exceeded tonnages sold in 1959, prevailing low prices resulted in an unsatisfactory profit margin. A higher price, which went into effect on July 1, 1960, returned the price level about to that of 1957. Considered long overdue by potash men, the price hike will make its full benefits apparent this year. U. S. Borax also feels that, in spite of higher labor rates and prices of material, the industry achieved improved costs.

CAREFUL EXPANSION

Inventories are apparently under control now; and, since demand continues to build up, some companies are looking ahead to programs of expanding capacity. Such plans have been given little consideration for two or three years, because of the need to improve both the quality of the product and the efficiency of operations in order to offset as far as possible the cost-price squeeze which has had potash in its grip.

Five of our big potash companies have established a foundation for international potash research aimed at developing programs for more efficient and increasingly beneficial use of their product. The State's three oldest firms (U. S. Borax & Chemical Corporation, Potash Company of America, and International Minerals and Chemical Corporation) largely maintained the status quo in the matter of facilities last year. U. S. Borax had carried out an expansion program in 1958 and had, therefore, adequate capacity. Operations were resumed on the 800-foot level of the mine of IMCC, idle since 1948. A new kind of shuttle car was installed on the 900-foot level, a lower and wider car than older ones, but carrying the same amount of ore.

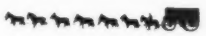
Various expansion programs were set in motion by other companies. Southwest Potash added mining equipment and went on a three-shift-a-day schedule in its mining operations. Its expansion program will eventually cost about $3 million at Carlsbad. Part of the expansion there will facilitate shipments of muriate to Southwest's new plant at Vicksburg, Miss., which will produce potassium nitrate and chlorine from Carlsbad muriate.

Duval finished one of two new shafts at a new production site. When the two 1,000-foot, concrete-lined shafts are both completed, they will develop two sources of sylvite ore and open new reserves discovered by surface drilling, reserves that are distinct from the ore body now being

25. ACTIVITY IN POTASH MINING
New Mexico, 1959 & 1960

	PRODUCTION (tons)		EMPLOYMENT	
	1959	1960	1959	1960
January	1,205,508	1,299,094	3,900	4,000
February	1,067,976	1,219,515	3,900	4,000
March	1,246,239	1,301,426	4,000	4,000
April	1,202,148	1,056,328	3,900	4,200
May	1,191,050	1,305,923	3,900	4,100
June	1,126,631	1,170,115	3,900	3,800
July	845,080	951,445	4,000	4,100
August	1,189,461	1,278,740	4,000	4,100
September	1,170,414	1,291,977	3,900	4,100
October	1,171,101	1,332,443	3,900	4,000
November	1,196,014	1,270,255	3,900	4,100
December	1,265,735	1,346,427	3,900	4,200
TOTAL	13,877,357	14,823,688	--	--
Monthly Average	1,156,446	1,235,307	3,900	4,100

Sources: N. M. Bureau of Revenue and N. M. Employment Security Commission



mined by Duval. Farm Chemical Resources Development Corporation, which completed a shaft several years ago and mined enough ore for a research program leading to the development of a satisfactory flow sheet, is not yet ready to predict an operating schedule.

WHAT LIES AHEAD?

Although the principal U. S. production of potash comes from the underground mines at Carlsbad, new ore bodies elsewhere are assuming rapid significance. As Hugo Riemer, executive vice president of U. S. Borax, said in an address before the New York Society of Security Analysts in January of this year:

"The rather long period of potash withdrawals in the Carlsbad area has naturally diminished reserves there and has led to prospecting elsewhere on the North American continent. Vast deposits of potash have been discovered in the Province of Saskatchewan in Canada, and two of our competitors have mine shafts and processing plants under way in Canada. Potash has also been discovered in Utah, and plans have been announced to open a relatively large mine and plant at Moab, Utah, in an area originally prospected by Delhi-Taylor. The Canadian and Utah ores are understood to range as high as 30 per cent K_2O and are higher grade than the Carlsbad ores, but lie 3,000 feet or more deep, which compares with about 1,000 feet or less at Carlsbad. . . .

"It could well be that, before the end of our generation, Canada will become the principal world source of potash. In the meantime the United States and world potash markets have firmed considerably and a further investment at Carlsbad may prove to be economically attractive."

Nelson C. White, of IMCC, writing in the February issue of the Engineering and Mining Journal, says:

"Carlsbad production needs to be cut to stretch out the useful life of this area. World use continues to grow, and to grow faster than the domestic rate. European producers, like those in Carlsbad, can increase tonnage only nominally, leaving it to Russia and Canada to pick up the new load. Satellite demands have curbed Russian and East German shipments to the Free World and are expected to continue to do so. New production from North America should find a ready market."

Orland A. Foster, industrial relations manager of National Potash, declares that his company makes no claim to clairvoyance regarding the long-range future of potash. "Nevertheless," he says, "certain obvious considerations do give the industry a sound basis for optimism.

"For one thing, continued cultivation of our nation's soil is wearing it out by depleting its mineral content. Yields are diminishing in proportion to depletion except where mineral content is restored through the use of potash and other plant foods. The necessity for this mineral restoration becomes apparent when it is realized that the growth of one acre of the usual field crops will remove from 30 to 175 pounds of potash from the soil. Ten of the largest acreage crops . . . average 95 pounds of potash removed per acre per year.

"While potash has a myriad of uses, its chief importance by far is as a plant food. Approximately 95 per cent of the current supply goes into fertilizer. So in view of increasing food needs due to our increasing population and stepped-up soil depletion resulting from today's intensive farming methods, it seems apparent that a healthy demand for such a vital plant food as potash is quite certain to continue."

Mr. Foster, like other potash experts, is aware of the uncertainty hovering over Carlsbad operations. "The apparent rosiness of this picture," he adds, "is offset to some extent by expected development of new sources of supply outside New Mexico. . . . Nevertheless, in our opinion the general outlook for potash in the not-too-distant future is fairly stable."

Cement

Phase 2 of the Tijeras plant of Ideal Cement Company near Albuquerque was completed in 1960, doubling the capacity of the plant. The expansion program was wrapped up quite late in the year, and so the increased capacity it represents was not reflected in 1960 production. But, since Phase 1 was in operation for the full 12 months,

New Mexico's cement output was substantially increased over 1959.

Ted L. Johnson, public relations director for Ideal, says that the big expansion program (a 1.25-million-barrel addition) "obviously indicates a great deal of faith in and optimism about the economy of New Mexico." Ideal's plans, Mr. Johnson reports, "call for the full operation of the plant during the entire year of 1961." Which means that the annual capacity of 2.5 million barrels is scheduled for full use this year.

The Tijeras plant is thoroughly modern mechanically and electronically. It is also an outstanding example of what the cement industry can accomplish in the way of attractive construction. In May 1960 the plant was one of 10 industrial plants chosen (from 500) by the McGraw-Hill Publishing Company's Factory Magazine for an award in recognition of plant functionalism, its use of up-to-the-minute practices, and its design and appearance.

Ideal's president, Cris Dobbins, believes that to satisfy the needs of an increasing population, the United States is going to need "more of everything--dams, water, power, hospitals, homes, schools, highways, and other similar projects. And all of these things will require vast amounts of new construction, which in turn means more concrete and, of course, more cement. . . . We predict that for the long range the outlook in our industry is good; short range, our business may be slow during the first half of 1961, but it should improve in the second half; and overall shipments should be much better in 1961 than in the year just closed. . . . Nationwide cement-producing capacity is roughly 30 per cent greater than expected demand for this year. Obviously, this situation poses problems, but it is our conviction that consumption will gradually increase to take up this slack and that, for the long-range, prospects not only for our industry but for Ideal are good."

Gypsum

Activity in the domestic gypsum industry was a little lower in 1960 than 1959, but in New Mexico it was among the pace-setters. For last year gypsum became an integral part of the State's mining picture.

Because of the slowing of residential construction (off 29 per cent with a resulting decline of 3 per cent in overall construction), production of crude gypsum in the nation dropped about 10 per cent from 1959's high of nearly 11 million tons. Output of calcined gypsum was 9.2 million tons, only slightly under that of the year before.

But New Mexico was very gypsum conscious, for in 1960 this state became the twenty-second to produce gypsum: American Gypsum Company opened a new wall-board plant at Albuquerque; and Kaiser Gypsum Company, Inc., opened its building-products plant at Rosario between Albuquerque and Santa Fe. The Rosario facility got into production first, sending out its first shipment in May. Annual production capacity there is 125 million square feet of gypsum-board products. American Gypsum went on stream late in the year, with plant capacity figured at 400,000 square feet of finished gypsum board per day. American's three primary products are interior wall board, lath, and sheathing. Both plants are multi-million-dollar facilities.

Mining in the true sense of the word is not involved in the New Mexico gypsum operations. The raw material just lies around, waiting to be scooped into ore trucks and taken to the respective factory sites. Nevertheless, it is broadly considered in the mining category.

The Permanente Cement Company, of which Kaiser Gypsum is the principal subsidiary, had somewhat smaller earnings last year than the year before. The decline was partly explained by starting-up costs of new facilities like the Rosario plant, as well as by decline in residential building across the nation.

Since sales of gypsum products are so closely tied to residential building, the construction trend is the bellwether for the industry. Hope is expressed that there will be an upturn in such building this year; in which case, gypsum companies may well surpass 1959 production. As it turned out, 1960 was still the industry's second-best year.

Coal

New Mexico coal production doubled last year, largely because developmental work at Kaiser Steel's Koehler mine near Raton was completed, with output there being substantially increased. Also, work on a new strip mine near Gallup was begun by Pittsburg and Midway Coal Mine Company. The coal mined there will be used by the Chollo power plant now under construction by the Arizona Public Service Company at Joseph City, Arizona. This particular plant, to be completed early next year, will require 1,200 tons of coal daily.

The Department of the Interior approved plans for a 350,000-kilowatt steam power plant to be built on the Navajo Reservation by Arizona Public Service. To be known as the Four Corners plant, this facility will consist of two 175,000-kilowatt units. Coal with which to run the plant will be mined by Utah Construction and Mining Company from Navajo-owned deposits located in New Mexico. An estimated initial investment in excess of $100 million will be required to build the Navajo plant and develop the mines.

The Koehler mine, by far our biggest current coal operation, produces metallurgical-grade

coking coal for use in Kaiser's blast furnaces at Fontana, California. Since acquiring the New Mexico property in 1955, Kaiser Steel has spent more than $5 million to modernize underground and surface facilities and in the purchase of the latest and most modern mining and preparation equipment available, so that the Koehler operation is a far cry from techniques employed in the old coal days.

As described by W. K. Dennison Jr., superintendent, early Raton miners would not recognize what takes place at Koehler. Explains Mr. Dennison:

"Underground, in each producing section, coal is mined by a modern, mobile, continuous mining machine, electrically powered and hydraulically operated. This 'miner' gouges into the solid vein of coal, breaks it into pieces, and deposits it at a point directly behind the machine. The coal is then gathered by a mechanical loading machine, which in turn discharges into a rubber-tired, electric, shuttle car. This car, carrying an eight-ton load, travels from the producing area to the track haulageway, and loads the coal into a 15-ton-capacity, eight-wheel, steel mine car for transporting to the surface.

"Twenty-seven-ton electric trolley locomotives haul trains of loaded mine cars on 85-pound, 48-inch-gauge track to the surface three and a half miles away. There the coal is emptied from the cars into a storage bin below by an automatic rotary car dumper, which rotates each car 360 degrees to accomplish dumping without disconnecting the car from the train. The coal is then crushed and carried by conveyor belt to a storage bin ahead of the preparation plant.

"At the preparation plant difference in specific gravity is utilized to remove the high ash impurities from the feed, leaving a high-grade coal as a final product, which then is shipped to the Fontana plant and there converted into coke for use in the blast furnace."

Production rate at Koehler is geared directly to the volume of steel sales, Mr. Dennison says; for that reason, operations during 1960 were at a level well below capacity. The output for the year was 203,546 tons of clean coal, produced by an average working force of 106 men, working 153 days. Capacity is almost 3,000 tons a day, if the work force were increased and present equipment were "multiple-shifted."

Reserves at Koehler are estimated at about 10 million tons, but geological exploration in nearby areas indicates "an almost unlimited supply" of high-grade metallurgical coking coal. "If an improved steel market demands more coal from this area than Koehler can supply, "Mr. Dennison declares, "additional production can be obtained by opening a mine in one of the large virgin bodies of coal."

The Koehler property is 23 miles southwest of Raton, the coal seam being worked is the Raton Seam in the Vermejo Formation; the type of coal produced is High Volatile Class "C" Bituminous coking coal.

The development of Navajo coal deposits comes as good news. The deposits are not new discoveries, but have been known for a century at least, underlying a vast stretch of barren land. The persons to benefit most directly from the coal mining and the new power plant will be the Navajo Indians, who will receive coal royalties and, in addition, concessions on rates for power.

Perlite

Although crude perlite output in this state in 1960 is estimated to have been less than that the year before, New Mexico continued to be the nation's top perlite producer. Of the total production value estimated at $2,675,000, New Mexico facilities accounted for about $2,111,000. This is a state decrease of less than 1 per cent.

The overall production drop is partly explained by the loss in April of the big Johns-Manville crushing plant in No Agua--a loss of $375,000. Several months were required for rebuilding, but on December 20 the new mill was ready and was described as the "largest and most modern in the industry." Costing $1 million, the new plant has an annual rated capacity of 150,000 tons of processed perlite. It is located at the world's largest known deposit of commercial-grade perlite ore, in a high valley west of the Sangre de Cristo mountains at a place known as "the Seven Hills of Taos." Simultaneous with the opening of the new mill was a J-M announcement that a comprehensive scientific research program is under way to "determine fundamental chemical and physical properties of the volcanic mineral whose increasing and varied uses have developed a new world industry in the last 10 years."

In November perlite was found in a mountain just north of Grants, and the ore body was described by Jack Wilson, manager of the U. S. Gypsum Company perlite operation in that vicinity, as enough "to supply us for 100 years." After that, Mr. Wilson said that he "quit looking for any more." He also asserted that the perlite in the U. S. Gypsum deposits is "the best in the United States."

Miscellaneous Minerals

MOLYBDENUM

"Moly" almost made banner headlines in New Mexico last year. It did make the front pages of the state press. At the Questa mine in Taos county, Molybdenum Corporation of America continued its exploratory work, carrying out exten-

sive diamond drilling and drifting in order to develop several of the more favorable mineralized zones. Not until the conclusion of this developmental program will the company be able to determine future operations there. A statement from company headquarters in New York contains no predictions whatever.

But late in 1960 the word got around--and rapidly--that the Red River molybdenum field was a whopper. The New York Times reported, on the first page of its business section on December 4, that the "New Mexican field could become the second biggest mine in the world." The article referred to the ore body as "a vast new source of the strategic metal. . . with potential reserves valued in the hundreds of millions of dollars." The Times reporter said that the Red River deposit averages about 0.25 per cent, but the most recent zones explored were averaging more than 0.5 per cent ore.

Suggesting that the Free World's consumption of moly will probably increase to between 80 million and 100 million pounds a year by 1975 (compared with 60 million in 1959 and 45 million in 1958) and that the United States should continue to supply about 85 per cent of this total consumption, the Times stated that "Molybdenum Corporation is figuring on a considerable investment before mining operations can be initiated, sometime within the next two to five years." Moly could become quite a gal, up Red River way.

SELENIUM

Small amounts of native selenium were identified in 1960 in the Grants uranium country. Also, a bulk analysis of Poison Canyon sandstone has revealed some 0.76-per cent selenium (a "fairly high" content) in the form of selenide or in association with sulphide minerals. Selenium is widely used in small radio units and missiles.

BERYL AND TANTALUM

A contract with the Office of Minerals Exploration was signed last year by the Tri-State Metals Corporation for a search for beryl and tantalum at a pegmatite in Taos county. The contract provides for an expenditure of slightly more than $23,000, 50 per cent of which comes from the government. The State's chief producer is still the Harding mine, credited with output of strategic beryl during the last decade worth half a million.

THORIUM

The thorium mill belonging to New Mexico Thorium Corporation and located at Capitan was destroyed by fire late in 1959. Last year, the corporation began rebuilding the facility.

TRAVERTINE

Promising deposits of travertine (a form of marble) were found on the Laguna Indian land about 25 miles west of Los Lunas in the spring. The quarry was ready for production late in the year; now, the All-American Marble Company is

HELIUM

The federal government's Shiprock helium-recovery plant operated throughout the year. Total sales of high-purity helium gas were more than twice the amount of those in 1959, when the plant was in operation only from August on.

Helium has special significance for the Space Age. It is essential to the construction of atomic warheads and is also considered indispensable in missile construction. Helium, unlike other gases, is said to hold off the radioactive content of missiles. New Mexico's 1960 output was 168 per cent larger than that the year before.

CLAY PRODUCTS

Manufacture of heavy clay products was greatly curtailed in 1960, so that in turn the output of clays themselves was reduced. The lightweight-aggregate industry in New Mexico suffered from smaller use of scoria for railroad ballast and for making building blocks, with annual production dropping 26 per cent.

SULFUR

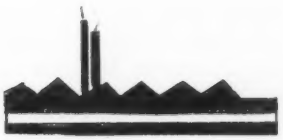
A sulfur-recovery unit was constructed and placed in operation at the Empire Abo gasoline plant of Pan American Petroleum Corporation, 10 miles southeast of Artesia.

MICA

Almost no mica is currently being produced in this state, but the Espanola area was full of plans and counterplans for mica development throughout most of the year. Mica from the Coulter properties at La Madera is considered to be of excellent quality, and local business leaders have worked mightily to insure the development of the properties. Finally, early in 1961 village trustees approved an ordinance setting up machinery for a $20-million bond issue with which to finance a mica-processing plant and an electric-heating manufacturing plant in the Espanola Valley. If all goes well, mica should again enter the New Mexico mining picture within the year.

M.I.M.

Manufacturing



Most New Mexico manufacturers held their ground in 1960 and made efforts to gain a firmer foothold in the State. Employment cutbacks in other industries, especially in construction, spurred private organizations, individuals, and government agencies to seek ways to encourage the establishment of new manufacturing concerns in order to shore up the noticeable sag in some local economies.

In addition to the efforts to encourage new industries to establish in New Mexico, firms already established here continued their efforts to expand and improve. Nevertheless, no employment gains resulted, because as some segments increased employment, others laid off workers. The federal government played an important role in manufacturing in the State last year by maintaining the market for products of a number of specialized manufacturers which thereby kept employment in ordnance and machined metals at 1959 levels or higher. All in all, however, manufacturing employment was slightly under that in 1959.

The number of manufacturing establishments remained about the same in 1960 as the year before, but several new industries, some heretofore unknown to the New Mexico economy, cropped up in various parts of the State. However, even as they tried to grow roots, some of the older firms faltered.

MANUFACTURING ESTABLISHMENTS

New Mexico had 313 manufacturing firms in 1909; 50 years later there were about 720. These figures for the two periods may not be strictly comparable because of changes in the definitions of various industrial groups throughout the years, but in general they do indicate that the manufacturing gains during half a century have been slow. Changes in number of establishments have been erratic; that is, in some years the number has gone up, but in other years a few manufacturers have closed up shop. For example, in the early years we had grist mills, construction firms for steam-railroad shops, and wool-scouring plants; but now these types of manufacturers have left the New Mexico scene. On the other hand, timber camps, sawmills, and planing mills--in terms of establishments and employment--are just as important today as they were in 1909. New establishments and types of manufacturers have, of course, taken the places of some of the old; but in the long run the gains have been rather slow in coming. Had it not been for major efforts on behalf of new plants engaged in by organizations, individuals, and government, the total number of firms would probably have declined last year.

As measured by employment, the relative setup among New Mexico's manufacturing firms also remained about as it had been in 1959. There were a few more plants in the less-than-three-worker class, which fact may indicate increasing efforts by small businessmen to get into the production of goods for local consumption. Establishments in the larger classifications (five-to-250 employees) showed some decline in number during the year. Two additional firms, food and toy manufacturers, with 250 employees or more joined the six other firms of comparable employment already in existence here. These figures show how scarce large manufacturing plants still are in this state.

VALUE ADDED BY MANUFACTURE

The value added by manufacture has increased in recent years, according to the 1958 Census of Manufactures, the latest such report. The figures presented in this section and in Table 26 and Table 27 are not comparable with other data used here regarding industry employment, for the Bureau of the Census uses a different set of definitions for tabulating employees and wages by industry from that followed by the New Mexico Employment Security Commission. Census figures for employees are for a specific date, while the other figures are for average monthly employment. Regardless of these differences in definition, the information from the Bureau of the Census on value added by manufacture is significant. In 1909, such value was reported by the U.S. Census as $4.6 million; the 1958 figure was $206.2 million (the latest comparable figure available). An increase of 63 per cent took place between 1954 and the end of 1958. From the figures compiled by the Bureau of the Census it seems that new industries operating in New Mexico are producing articles of greater value than those in previous years. The number of employees, as shown in Table 27, increased by 35 per cent during the years when value added was rising 63 per cent. In all manufacturing categories shown in Table 26, the value added per employee was higher in 1958 than in 1954. Also, wage payments were greater last year than in

1959, largely because of higher average weekly earnings in several industrial categories. We may conclude because of the increase in value added that each manufacturing employee today uses more machinery to produce higher-value articles in New Mexico than such employees did formerly.

MANUFACTURING EMPLOYMENT AND WAGES

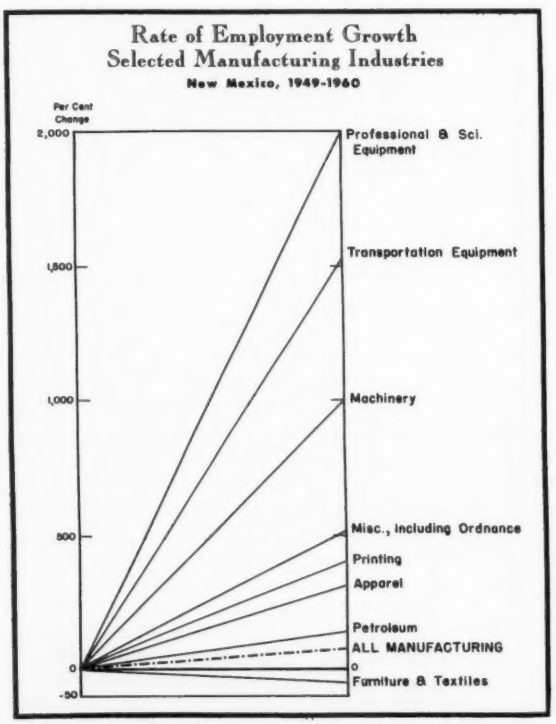
Food processors employ more workers and pay more wages than any other manufacturing segment. These firms include meat-packing houses, dairies, grain processors, bakeries, beverage firms, and a few other similar processing plants. In 1960 approximately 150 food firms employed 3,700 workers (about 22 per cent of the manufacturing total) and paid $15.5 million in wages and salaries.

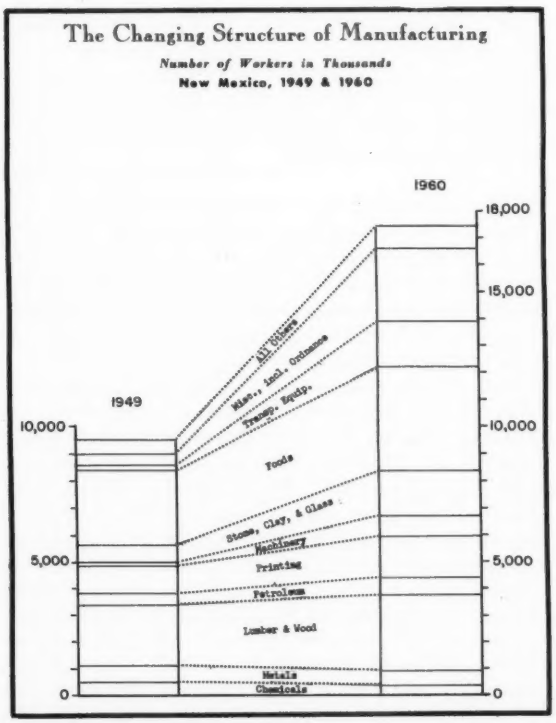
Ordnance manufacturing last year replaced lumber and wood as our second most important group of producers. The ordnance group employed about 2,200 workers and paid wages and salaries almost equal to those paid by the food manufacturers. The average weekly earnings of ordnance employees were probably the highest because of the large percentage of skilled workers hired by such firms. Actually, ordnance manufacturing is dominated by one firm--ACF Industries, located in Albuquerque, a prime contractor for the Atomic Energy Commission. A report by the U.S. Atomic Energy Commission says:

"The South Albuquerque (N.M.) Area Office was activated May 16, 1956, and now has a staff of about 50. SAAO administers the contract under which ACF Industries, Inc., operates the South Albuquerque Works (plant valuation $20,508,000). ACF operated at LASL (Los Alamos Scientific Laboratories) after World War II, moving to Albuquerque in January 1952. The present site was leased in late 1952 and the plant now occupies some 34 acres owned by the AEC. The plant is a production facility, where research development and engineering work also are carried out. ACF employs about 2,000."

Lumber manufacturing dropped from 2,400 workers in 1959 to 2,000 in 1960; and wage payments declined from $8.1 million to $7.3 million. The drop in lumber manufacturing can be mainly attributed to the shutdown of Prestridge Lumber Company, the State's largest firm, located in Otero county. The decline in lumber manufacturing was, therefore, not spread throughout the State, so that the economy of Otero took the full brunt of the layoffs. It seems that all other firms throughout the State continued to operate at about the same pace in 1960 as the year before.

Stone, clay, and glass manufacturing replaced transportation equipment as the fourth most important group of producers. The stone, clay, and glass manufacturers made wage and salary pay-





26. VALUE ADDED BY MANUFACTURE BY INDUSTRY

New Mexico, 1954 & 1958

	Number of Employees		Value Added		Value Added per Employee	
	1954	1958	1954	1958	1954	1958
ALL INDUSTRIES*	15,061	20,278	$126,326,000	$206,153,000	$ 8,388	$10,166
Food and kindred products	2,654	3,370	17,359,000	26,730,000	6,541	7,932
Lumber and wood products	2,032	1,793	9,988,000	9,928,000	4,915	5,537
Printing and publishing	1,079	1,380	7,460,000	11,105,000	6,914	8,047
Chemicals and products	5,967	7,083	67,472,000	105,055,000	11,308	14,832
Petroleum and coal products	496	661	6,454,000	9,357,000	13,012	14,156
Stone, clay, and glass products	386	1,075	1,697,000	7,987,000	4,396	7,430
Fabricated metal products	190	505	974,000	3,655,000	5,126	7,238
Miscellaneous and other	106	102	--	--	--	--

*Individual items do not add to total due to a number of industries included in the total but not shown separately.
Source: 1958 Census of Manufactures, U. S. Bureau of the Census

ments of $8.1 million in 1960 as compared with $7.3 million in 1959. Two new gypsum plants--Kaiser at Rosario and American north of Albuquerque--were largely responsible for the gains in number of workers and amount of payments.

Transportation-equipment manufacturing declined to fifth place in importance. The operations of these manufacturers in New Mexico are primarily concerned with flight testing and research at the White Sands Proving Grounds and are conducted by several airplane manufacturers like Boeing, Douglas, Bell, Martin, Lockheed, and General Dynamics. The Standard Industrial Classification considers these activities by airplane companies as part of the manufacturing process even though material parts may have been produced elsewhere. In 1960, Boeing, Douglas, Lockheed, and a few other companies reduced the work for the government and laid off workers. The layoffs resulted in a decline of wage and salary payments from $14 million in 1959 to $12.8 million in 1960. These employment and wage cutbacks were not widespread, but were rather concentrated in the Alamogordo-Las Cruces area, apparently the only place where Uncle Sam did not increase the volume of expenditures in 1960 as compared with those in 1959.

The metal products and machinery manufacturing industries are two other groups that rely heavily on government activities. A large proportion of their total production goes eventually for government defense projects. However, in the last few years there has been a tendency for new plants in New Mexico to strike out for private markets in such things as electronic parts and equipment, teaching machines, television tubes, and other technical machine parts. Some personnel previously employed with the original machine shops associated with government projects have since then branched out into their own shops with the idea of manufacturing new products for the private market.

MANUFACTURING ACTIVITIES BY COUNTY

Bernalillo county is the main center of manufacturing activity in New Mexico, accounting for about 50 per cent of all employment and all wage payments. In the first quarter of 1960 Albuquerque manufacturing firms paid $9.8 million of the $20.2 million in total manufacturing wages and salaries in New Mexico. Also, 7,700 workers out of the total of 16,200 were employed in that city. Otero, Dona Ana, and Chaves counties shared about 20 per cent of the total manufactur-

27. VALUE ADDED BY MANUFACTURE

Mountain States, 1954 & 1958

	Number of Employees			Value Added (000s)			Value Added per Employee		
	1954	1958	Per Cent Change	1954	1958	Per Cent Change	1954	1958	Per Cent Change
NEW MEXICO	15,061	20,278	+34.6	$126,326	$206,153	+63.2	$ 8,388	$10,166	+21.2
Arizona	26,269	40,756	+55.1	192,497	359,742	+86.9	7,328	8,827	+20.5
Colorado	64,446	78,157	+21.3	472,433	761,954	+61.3	7,331	9,749	+33:0
Idaho	23,282	27,601	+18.6	178,980	246,279	+37.6	7,687	8,923	+16.1
Montana	18,519	20,095	+ 8.5	141,234	185,632	+31.4	7,626	9,238	+21.1
Nevada	5,717	4,979	-12.9	62,672	69,003	+10.1	10,962	13,859	+26.4
Utah	29,947	37,204	+24.2	276,343	404,600	+46.4	9,228	10,875	+17.8
Wyoming	6,261	6,496	+ 3.8	51,361	65,822	+28.2	8,203	10,133	+23.5

Source: 1958 Census of Manufactures, U.S. Bureau of the Census

28. RANKING OF MANUFACTURING INDUSTRIES BY EMPLOYMENT
New Mexico, 1959 & 1960

	Per Cent of Manufacturing Employment		
	1959	1960	
Food products	21.7	22.0	Food products
Lumber & wood	14.2	13.0	Ordnance
Ordnance	12.6	11.7	Lumber & wood
Transportation equip.	10.2	9.9	Stone, clay, & glass
Stone, clay, & glass	9.3	9.4	Transportation equip.
Printing & publishing	8.8	9.1	Printing & publishing
Petroleum & coal	4.4	4.1	Petroleum & coal
Metal products	3.7	3.7	Metal products
Apparel	2.4	2.7	Chemicals
Machinery (exc. elec.)	2.4	2.5	Machinery (exc. elec.)
Chemicals	2.4	2.0	Apparel
Electric machinery	2.2	1.8	Electric machinery
Prof. & sci. equip.	1.3	1.2	Prof. & sci. equip.
Furniture	0.6	0.8	Furniture
Textiles	0.2	0.3	Textiles
Other manufacturing	3.6	5.8	Other manufacturing

Source: Derived from N. M. Employment Security Commission reports

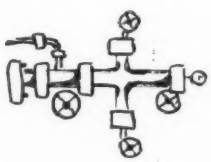
ing employment. We can conclude from the above figures that manufacturing activity is concentrated in only a few counties in New Mexico, a situation which may demand greater efforts by local communities to develop producer firms.

NEW TYPES OF MANUFACTURERS

Manufacturing did not show much overall change in employment, wages, and number of firms. However, in the make-up and types of manufacturers there were many alterations. Internal changes can also be expected to occur this year. For example, in the stone-, clay-, and glass-products industry the well-known companies of Ideal Cement, Kaiser Gypsum, and American Gypsum are now operating plants in this state. In the meat-packing industry, Swift and Company has already selected a site in Clovis and will start operations in 1961. In machinery and electronics the Curtiss-Wright, Sparton Southwest, and Fairbanks-Morse companies have selected sites or broken ground for new operations in the Albuquerque area. Deming lost the Delta shirt factory to Douglas, Arizona, but Carlsbad acquired a small airplane factory through the use of the 1955 Industrial Revenue Bond Act. The Air Products Company, Incorporated, from Carlsbad manufactures a small two-place, low-wing, trainer-type plane. The entry of these new firms into New Mexico will most certainly change the character of manufacturing in an area that has never really had an industrial base.

V. T. X.

Utilities & Transport



Those sectors of the business community that provide services to the rest of the economy were subject to a variety of conflicting trends during 1960. Although general business activity in New Mexico edged downward, many of the State's transportation and utility firms were operating in the delicate area of developing and executing plans predicated upon the long-range economic growth of New Mexico and the Southwest. Over-expansion of facilities is very likely to occur during such a period and can be a very costly mistake during a short downturn.

Since the transportation and utility firms had confusing business conditions to contend with, it is not surprising that reports from them regarding operations during the year are also somewhat confusing and conflicting. Business transactions, as indicated by the gross volume of transport and utility sales, declined by 1.3 per cent. On the other hand, industry employment averaged the same during 1960 as it had during 1959; but, significantly, employment at the beginning of 1960 was about 400 greater than at the start of 1959. However, as the year progressed, employment faded, so that by December 1960 there were 300 fewer workers at jobs in the industry than during December 1959, primarily as the result of railroad declines.

Electric Power

The electric-power generators in New Mexico produced more energy during 1960 than during any previous year. However, the total volume, 3.4 billion kilowatt hours, was only 3.7 per cent above that of the previous year. This increase is among the smallest of the decade, which has seen annual gains averaging about 10 per cent per year. In fact, the 1959-60 increase is smaller than any other annual gain of the decade, with but one exception.

Approximately 90 per cent of the electric power produced in this state is developed by utilities (those firms that produce power for sale), and it was the utilities that experienced last year's slow rate of growth. Ten per cent of our power is

29. ACTIVITY IN TRANSPORTATION AND UTILITIES
New Mexico, 1959 & 1960

	SALES (000s)		EMPLOYMENT	
	1959	1960	1959	1960
January	$ 15,098.2	$ 17,482.0	19,800	20,200
February	22,087.6	22,034.3	19,800	20,300
March	22,708.7	14,955.9	20,000	20,300
April	19,581.2	18,423.2	20,100	20,300
May	16,567.3	17,138.0	20,500	20,500
June	18,926.6	16,708.9	20,500	20,400
July	13,742.2	14,843.2	20,400	20,700
August	18,043.8	19,523.5	20,500	20,400
September	14,449.7	16,486.0	20,700	20,500
October	17,946.1	17,957.3	20,700	20,500
November	14,884.0	15,457.8	20,800	20,500
December	16,055.4	16,367.3	20,600	20,300
TOTAL	$210,090.8	$207,377.4	--	--
Monthly Average	17,507.6	17,281.4	20,400	20,400

Sources: N. M. Bureau of Revenue and N. M. Employment Security Commission

generated by individually owned industrial concerns for their own use. These power plants increased generation by 15 per cent, one of the largest annual gains during recent years. This increase reflects increased activities in the mining industry, where there is the heaviest concentration of industrial-generation capacity. The production of electric energy from water power in New Mexico, although never very large, declined about 3.5 per cent last year.

Also, the usual seasonal pattern of production was broken. During most of the Fifties, July was the month of greatest power production (power for irrigation pumps); and February, the month of the least. During 1960, production reached its peak during August and its low point during November. Great seasonal shifts in the volume of power production are characteristic of electric utilities. During most of the last decade the peak production month has been more than 35 per cent above production during the low month. However, production during 1960's peak month exceeded that of the low month by only 25 per cent (probably, symptomatic of the relatively small increase in the total power production). The significance of this situation is apparent when we realize that with full utilization of power-plant capacity during peak production 25 per cent or more of capacity will stand idle during the usual low month.

SALES

Although our production of electric energy grew only very slightly, the same cannot be said for 1960 sales of electric energy, which grew by 22 per cent last year; certainly, a movement contrary to the small increase in the volume of power produced. Traditionally, New Mexico has been an exporter of electric energy; that is, more energy is produced here than sold here, with the excess being exported to adjacent areas of Texas. Last year, breaking with tradition, New Mexico became an importer of Texas-produced electric energy; that is, a larger volume of electric energy was sold in the State than was produced here.

The increased volume of sales resulted principally from a 35-per cent increase in the volume of energy sold to industrial purchasers: the overall gain in sales in 1960 amounted to 617 million kwh, with almost 70 per cent of this additional power, 422 million kwh, being purchased by industrial concerns. During the year such customers bought almost 47 per cent of all power sold in New Mexico. The share of the New Mexico market occupied by industrial concerns has been growing for several years, and for the last two years this group has accounted for a larger portion of the market than has any other group of customers.

Sales of electricity to residential users grew 11 per cent last year, only slightly below the average rate of recent years. Sales to commercial and "other" users increased 17 and 10 per cent respectively--also below the average of recent years.

INDIVIDUAL ELECTRIC UTILITIES

The potential of New Mexico's electric-utility industry to contribute significantly to the economic expansion of the State took a big step forward during the year with the completion of plans and signing of commitments leading to the construction and operation of an extremely large electric-power generating plant on the Navajo Indian Reservation just south of the San Juan county community of Fruitland. Plans of Arizona Public Service Company, the Utah Construction and Mining Company, and the Navajo Tribe have been in the developmental stage for a number of years. Construction started early in 1961 on the initial phase of this project, and will result in the completion of a 350,000-kilowatt plant by the spring of 1963. It is contemplated that plant capacity will eventually be enlarged to 800,000 kilowatts. The magnitude of this addition to the State's electric-power facilities can be readily grasped when we realize that our total utility capacity is now approximately 900,000 kilowatts.

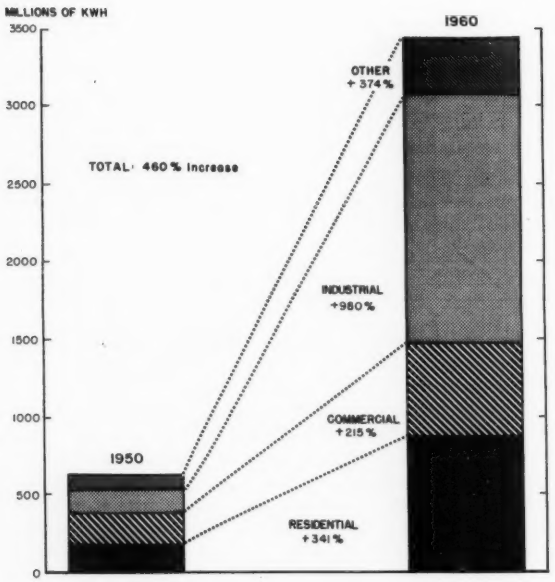
30. ELECTRIC POWER PRODUCTION
New Mexico, 1958-1960
(thousands of kilowatt hours)

	1958	1959	1960
January	225,535	262,853	296,059
February	201,897	232,675	285,340
March	228,158	257,328	300,660
April	223,077	264,939	293,110
May	243,605	263,903	267,276
June	257,442	293,473	265,399
July	291,326	311,646	273,224
August	286,641	304,320	331,288
September	246,268	278,861	285,706
October	235,207	265,425	267,977
November	245,421	261,530	264,606
December	260,927	282,597	270,410
TOTAL	2,945,504	3,279,550	3,401,055
Monthly Average	245,459	273,296	283,421

Source: Federal Power Commission

Sales of Electric Energy

NEW MEXICO, 1950 & 1960



Initial construction costs will be about $60 million, with final costs estimated at about $180 million.

The actual start of construction on this plant has spurred rumors, originally heard when the plans were first announced, that the power plant would serve as the nucleus of a substantial industrial complex in the northwestern corner of the State. Consideration has been given to the possible use of coal by-products derived as coal is burned to produce steam.

The coal deposits that will be used are on Indian land adjacent to the plant, and are of relatively low quality, but are available in huge quantity. Much of the power produced will be carried along a 300-mile transmission line to Phoenix. Additionally, the utility will sell power at wholesale rates to the Navajo Tribe and to other utilities. The Tribe is contemplating an electric-distribution system that will provide electric energy in virtually every section of the reservation.

Public Service Company of New Mexico is preparing to make a portion of this huge power supply available to its customers. This company is contemplating the construction of two 230,000-volt transmission lines (heavier than any now used in the State) to the new Fruitland plant. The first line will run from Albuquerque west to Ambrosia Lake and then north to the new plant. The second line will go from Albuquerque in a northwest direction to the plant. These transmission lines will be part of a system linking the utilities in New Mexico, Arizona, Utah, and Colorado, and will be available for delivery of Upper Colorado River Storage Project power to the populated areas in these states.

In addition to the heavy-duty transmission lines Public Service Company of New Mexico was busy last year working at its Reeves Power Station. The second generating unit at this plant was installed in late summer, raising the capacity of the plant to 100,000 kilowatts. However, even before the second unit was completed, the company announced that it had decided to add a third unit of 74,000 kilowatts at the Reeves station. This unit would be the largest at the plant. Construction of the new unit started during the year, with an estimated completion date of mid-1962. Also during 1960 the company completed a transmission line west from Ambrosia Lake to Gallup. The company will sell power at wholesale to the city, which will then distribute it to the final users.

Public Service increased its investment in plant and property by $11 million during the year. This was the first step in an announced program calling for an outlay of $60 million during the five-year period from 1961 through 1965. In addition to its new construction, the firm increased the volume of electricity sold during the year by 18 per cent, a large portion of the increase going to industrial customers. Residential sales rose 11 per cent. While the volume of electricity sold by Public Service increased considerably, there was only the slightest gain in the number of customers served. It appears that individual use of electricity expanded greatly during 1960.

Southwestern Public Service Company, operating in the lower Pecos Valley area of the State, continued to expand its New Mexico operations during 1960. Selling large volumes of power at wholesale, it increased the total volume of energy it sold by almost 8 per cent. Expenditures for new facilities in New Mexico equaled $2 million last year, about 40 per cent more than during the previous year. The largest portion of these funds went to enlarge the distribution system within the firm's New Mexico service area, but it also included sums for transmission lines and power plants located in the State. The company reported

31. PERCENTAGE DISTRIBUTION OF ELECTRIC SALES

New Mexico & United States, 1950, 1959, & 1960

	New Mexico			United States		
	1950	1959	1960	1950	1959	1960
TOTAL	100.0	100.0	100.0	100.0	100.0	100.0
Residential	32.1	27.7	25.3	25.8	28.4	28.9
Commercial	31.3	18.7	17.5	17.0	17.1	17.3
Industrial	24.2	41.9	46.7	49.7	49.0	48.2
Other	12.4	11.7	10.5	7.5	5.5	5.6

Source: Federal Power Commission

that 1961 expenditures for its New Mexico electric facilities would be slightly in excess of $2 million.

The El Paso Electric Company, servicing the lower Rio Grande Valley of New Mexico, experienced the same type of business activity during 1960 as did the other electric utilities. There was a bare 2-per cent increase in the number of new customers served, although sales rose 12 per cent. This rate of growth is considerably below that experienced by the company in its New Mexico division during recent years. However, it did report expectations of increased activities during 1961. The firm expanded its investments in the State by $500,000 last year and indicates that it will probably spend $700,000 this year.

Although Community Public Service Company, which supplies electricity in the Alamogordo, Ruidoso, and Silver City areas, lost about 2 per cent of its customers in New Mexico, it did report a 13-per cent increase in total sales. The customers lost were primarily in the residential category, but even with this loss residential sales still increased about 5 per cent. The most satisfying aspect of this company's New Mexico operations during the year was the spectacular 25-per cent increase in sales to industrial firms. Undoubtedly, the big gain came from renewed activities of the mining and milling firms around Silver City.

The New Mexico Electric Service Company, operating in the Hobbs-Eunice-Jal corner of Lea county, experienced the same business climate that existed for the other electric utilities. The number of customers served increased by less than 1 per cent, although the volume of sales rose more than 10 per cent. The company, which has limited generating facilities (much power is purchased from other producers), reported that construction expenditures during 1960 were $355,000 and would rise to $563,000 during 1961.

Operating statistics reporting the activities of the rural electrical cooperatives usually become available a year late. At the end of 1959 the 17 distributing co-ops in New Mexico reported that they were serving approximately 55,000 customers, about 5 per cent more than during 1958. Energy sales increased 18 per cent that year. Three of the co-ops (Central Valley at Artesia, Continental Divide at Grants, and Lea County at Lovington) account for more than 50 per cent of cooperative sales to final New Mexico customers.

Reports of the Plains Generating and Transmission Cooperative, which produces and sells electricity only at wholesale to 11 distributing cooperatives, are available on a current basis. Plains reported that its sales grew by 15 per cent during 1960. To satisfy customer demands, Plains has always had to purchase from other producers a portion of the electric energy it sells. It is interesting to note that during 1958 approximately 21 per cent of the energy sold by Plains had been bought from others; during 1959, 13 per cent had been purchased; during 1960, 11 per cent.

32. SELECTED DATA ON NATURAL GAS UTILITIES
New Mexico, 1955, 1958, & 1959

	1955	1958	1959	Per Cent Change 1958 - 1959
TOTAL CUSTOMERS	121,738	144,802	154,070	+ 6.4
Residential	109,200	129,787	138,080	+ 6.4
Commercial & Industrial	11,760	13,752	14,497	+ 5.4
Other	778	1,263	1,493	+18.2
TOTAL SALES (000s MCF)	47,615	58,611	65,653	+12.0
Residential	12,209	15,230	16,265	+ 6.8
Commercial & Industrial	27,725	34,313	39,395	+14.8
Other	7,681	9,068	9,993	+10.2
Plant Investment (000s)	$44,378	$62,655	$70,424	+12.4
Operating Revenue (000s)	$19,223	$24,497	$28,131	+14.8

Source: N. M. Public Service Commission

Early in 1961 Plains began construction of an additional section of transmission line from its plant at Algodones to San Ysidro; it also received approval from the Rural Electrification Administration for a loan of $1.5 million to construct 70 miles of transmission line from San Ysidro to La Jara immediately north of Cuba. This line will be used to meet increased power demand of the Jemez Mountain Cooperative and the Northern Rio Arriba Cooperative.

Also during 1960 Plains filed an application for a preliminary permit to study the feasibility of a 20,000-kilowatt capacity hydroelectric plant near the junction of the Red River and the Rio Grande in northern New Mexico. If this preliminary permit is granted, Plains will make a detailed economic and engineering study of the project and then file with the Federal Power Commission this information with a formal application for a license to build such a plant.

Natural Gas

Industry-wide statistics reporting the activities of New Mexico's natural gas utilities are not available for at least a year after the close of a particular year. During 1959 (the year for which the most recent data are available) the State's gas utilities exhibited strong growth. Customers increased 6 per cent, while the volume of sales rose 12 per cent. This substantial growth was similar to that experienced by the electric utilities during 1959. While our expectations are that these gas utilities will find 1960 to have been a year of very moderate growth (as did the electric utilities), it will be interesting to see if such is the case when the data is finally made available.

Although most industry reports are slow in being released, Southern Union Gas Company is able to provide operating data on a more current basis. This utility, which supplies natural gas to almost 85 per cent of all natural-gas users in the State, reported a 4.4-per cent increase in the number of customers served last year--a rate of increase about a third slower than that experi-

enced the previous year. Although the number of new customers was growing slowly, the volume of gas sold increased more than 10 per cent over 1959 sales. New capital investment for the firm amounted to $8 million during 1960, and Southern Union expects to invest about $8.2 million this year.

Late in 1959, Southern Union filed increased-rate schedules with the State Public Service Commission. The purpose of the increase was to raise the firm's net income, which the company felt was not adequate in relation to the size of their New Mexico investment. As is allowed by state law, the increased rates for gas service went into effect, but at the same time the company posted bond guaranteeing repayment to their customers of any portion of the increase not granted. The Public Service Commission opened hearings on the request during September of 1959. Additional hearings were held during February and March of 1960; and the Public Service Commission on April 29, 1960, rejected the entire increase requested by the company. The firm objected to this ruling and appealed to the district court. Various legal moves were made by both the commission and the company during 1960; but at mid-March 1961 the court had made no decision.

Telephone Service

Broad-based, rapid, and convenient communications are a necessary component of economic growth. Telephone communications provide such services in an extremely efficient manner. Telephone companies recognize the need and desirability of increasingly efficient communication systems and have been spending large sums to develop adequate systems. A review of telephone company annual reports and trade publications indicates that a greatly expanded variety of telephone instruments--already developed by various industry firms--is being prepared to be placed in service. These firms are also preparing to introduce programs of telephone service designed to fit more precisely the needs of an expanding economy.

During 1960, telephone service continued to be made available on a wider and wider basis. About 300,000 telephones were in use in New Mexico, probably 7 per cent more than during the previous year. Phone service in this state is provided by two types of companies, nationwide telephone systems and local independent firms. Mountain States Telephone and Telegraph Company, which provides about 88 per cent of New Mexico's telephone service, and the General Telephone Company of the Southwest, which provides about 10 per cent, are our national telephone concerns. In addition to these two basic suppliers, there are 10 to 12 private, independent companies, providing

33. MOTOR VEHICLE REGISTRATIONS
New Mexico, 1959 & 1960

	1959	1960	Per Cent Change
Total Vehicles	482,962	509,239	+ 5.4
Passenger	321,910	334,288	+ 3.8
Truck	104,756	118,053	+12.7
Trailer	43,355	41,604	- 4.0
Motorcycle	7,027	7,288	+ 3.7
Other*	6,914	8,006	+15.8

*Includes official registrations, buses, and taxis
Source: N. M. Department of Motor Vehicles

service in our smaller communities to possibly as many as 7,000 customers--2 per cent of the total.

Industry-wide statistics are even slower in becoming available than those of the gas utilities. During 1958, New Mexicans made approximately 400 million local telephone calls, about 4 per cent more than during the previous year. In addition, New Mexicans placed 11.8 million toll (long distance) calls during 1958, about 15 per cent more than during 1957.

The General Telephone Company was busy in New Mexico last year. It increased its customers almost 7 per cent, reporting gains in each of the seven major communities serviced in the Eddy-Lea county area. The company reported that it had more than $10.5 million invested in New Mexico facilities at the end of 1960, about $1 million more than at the end of 1959. A substantial part of the 1960 investment went towards completion of the Hobbs-Carlsbad-Roswell microwave system and of new exchange buildings at Eunice and Jal.

Mountain States Telephone and Telegraph Company was also very active in New Mexico last year, executing a $17.5-million budget for new construction in the State. A portion of these funds, of course, was used to provide service to 16,000 additional customers--6.6 per cent more than during 1959. Although the number of new customers was in line with the firm's experience during most of the Fifties, it was considerably behind the 23,000 added during 1959. Additional portions of the firm's construction budget was used to convert the phone systems in Silver City, Lordsburg, Deming, Clayton, and Raton from manual to dial. At the end of the year almost 98 per cent of the company's telephones were dial operated, and the firm was engaged in plans to increase this proportion.

Probably the most significant 1960 development for Mountain States in New Mexico was the installation and April initiation of Direct Distance Dialing (DDD) service in Albuquerque and adjacent areas. Two months later the firm reported that long-distance calls were running about 15 per cent ahead of the same month in 1959. Although part

of this increase, of course, was due to natural growth, undoubtedly a portion resulted from the convenience the "DDD" system afforded. About a third of the long-distance calls are now placed by "DDD"; however, the company feels that eventually half of all such calls will be placed via the new system. Mountain States' plans are to have "DDD" service available to all its customers by 1965.

Road and Rail

New Mexico transportation industries are almost always susceptible to the same economic vagaries as is the entire economy. Highway travel over the State's roads during 1960 was 1 per cent greater than during 1959 and equaled almost 5 billion miles. This annual increase was much smaller than had been experienced in past years. Although total travel did increase, for the first time in a number of years mileage travel over state roads for six months of 1960 was below that for similar months of the preceding year; but 1960 monthly figures for the peak travel period from May to September were above those of 1959. The pattern of travel on a seasonal basis and by road system use remained much the same as it had in previous years, although apparently a slightly larger proportion of travel was on the State's new interstate highways.

A significant change in the character of truck transportation occurred during the year with the merger into the Illinois-California Express Company of San Juan Basin Lines and Hill Lines (two of New Mexico's larger trucking concerns) and Miller and Miller Motor Freight Lines. At the same time, as ICX completed this merger, it announced plans to build a $600,000-truck terminal in Albuquerque and additional terminal facilities in both Santa Fe and Gallup as well as at points in Arizona and Texas.

Reports of commodity movements by the railroads are always slow being compiled. The character of 1959 rail shipments originating and terminating in this state remained much the same as during previous years. The volume of freight originating in New Mexico increased slightly on the strength of increased volumes of manufactured products (primarily potash fertilizers). This total increase was in spite of a drop in the volume of mining products moving by rail. The tonnage of rail freight terminating in New Mexico during 1959 declined slightly, also as a result of the fall in mining activities.

34. ASSESSED VALUATIONS OF TRANSPORT AND UTILITY COMPANIES
New Mexico, 1950, 1959, & 1960
(in thousands)

	1950	1959	1960	Per Cent Change 1950 - 1960
Railroads	$83,491	$80,465	$80,737	- 3.3
Pipelines	27,239	87,832	95,401	+250.2
Airlines	na	1,057	1,233	--
Public Utilities	26,793	76,540	80,537	+200.6
Telephone & Telegraph	12,937	47,458	54,145	+318.5

na - not available
Source: N. M. State Tax Commission

35. NEW MEXICO AIRLINE TRAFFIC
1950, 1958, & 1959

	1950	1958	1959	Per Cent Change 1950 - 1959
Aircraft Departures	28,657	27,972	27,394	- 4.4
Passenger Departures	80,514	217,267	219,550	+172.7
Airmail Outgoing (tons)	299.1	521.0	563.5	+ 88.4
Air Cargo, Outgoing** (tons)	344.6	652.0	792.9	+130.1

*Fiscal years
**Air express and air freight
Source: Federal Aviation Agency

Air

The commercial-airline industry throughout the nation has been operating with a considerable degree of uncertainty during the last few years. The uncertainty was related to the anticipated decision of the Civil Aeronautics Board (CAB) in a number of route cases that would award new routes and stops to certain lines. The central issue involved in the current series of cases revolves around the Southern Transcontinental case, which was concerned with the awarding of new routes and stops to various airlines (virtually all major companies) over the southern portion of the United States, from Florida to California. New Mexico's interest centered on the possibility of additional transcontinental service being made available through Albuquerque. In addition to the Southern case, the CAB had under advisement, and was concurrently holding hearings on, at least two additional route-awarding cases that would affect the air travel of New Mexicans. These were the Southern Rocky Mountain Local Service case and the Southwestern Area Local Service case, which were concerned with the awarding of additional airline service west and east respectively of a line drawn from Denver through Albuquerque to El Paso. All New Mexico communities with commercial airline service could be affected.

Although action in these cases had proceeded rather slowly for several years, a speed-up occurred in 1960. First, and of prime importance, were the formal recommendations of the CAB's examiner in the Southern Transcontinental case, which directly concerned this state in only two of the seven individual suggestions. The examiner recommended that Delta Airlines be given authority to extend its routes west from Fort

36. SELECTED AIRLINE DATA
New Mexico, 1959

	Aircraft Departures	Passenger Departures	Airmail Outgoing (tons)	Air Cargo Outgoing* (tons)
Alamogordo	973	4,692	11.5	32.3
Albuquerque	10,517	167,094	380.5	590.2
Carlsbad	709	1,901	4.1	7.0
Clovis	929	2,284	10.5	2.9
Farmington	4,741	15,317	84.4	98.4
Gallup	1,626	3,118	13.4	8.1
Hobbs	1,932	4,138	11.6	24.8
Roswell	1,913	9,157	25.1	12.9
Santa Fe	2,611	9,452	18.1	12.2
Silver City	1,443	2,397	4.3	4.1
TOTAL	27,394	219,550	563.5	792.9

*Includes air freight and air express
Source: Federal Aviation Agency

Worth to Albuquerque and then to have routes extending from Albuquerque both to Los Angeles and to San Francisco. He also recommended that National Airlines be allowed to extend its routes from Houston to San Francisco, stopping at Albuquerque and other intermediate cities. Although these recommendations increased the transcontinental airline service available to New Mexicans, there was some feeling that it did not give full consideration to regional routings.

The CAB took these recommendations under advisement during the last half of 1960 and announced its decision in March of 1961. That decision, which covered a number of points, did provide for additional flights to the West Coast by National and Delta, but it did not allow any stops in Albuquerque or certain other cities for which service had been recommended by the examiner. In making its decision, the CAB said that the various cities did not warrant extra service because estimated traffic from the area would not justify additional flights. The board went on to say that transcontinental service from the area was limited in volume, with destinations split between several different geographical areas. However, the federal agency did cite the need for improved local service. As a result of the large vocal protests that arose, particularly in the Southwest, it appears likely that an appeal for reconsideration of the decision will be made. If these appeals are filed, it is likely that a final solution to the questions involved will be delayed for some time.

From an operational point of view, 1960 was not a particularly good year for airline operations in New Mexico. Frontier Airlines, which serves four New Mexico cities, reported a slight decline in the volume of passenger-service originations in both Albuquerque and Farmington. This decrease resulted from the general slowdown in the State's economy and particularly that in oil activities. Trans-World Airlines also reported a slight drop in the number of passengers flown out of Albuquerque, attributing its decline partly to the general softness of business activity, but stronger competition from other airlines using jet-powered planes also probably cut into Trans-World's volume.

TWA announced that it would introduce jet aircraft on Albuquerque flights in the spring of 1961. The initial step in the firm's plan is to have one round-trip flight to Los Angeles per day, using the new equipment. Additionally, by late summer of 1961 the line will have one round trip by jet a day from Albuquerque to Chicago and the East Coast. The new jet planes TWA plans to use will cut flying time from Albuquerque to Los Angeles from three and a half hours to one hour and 45 minutes and will require only two hours and 20 minutes to reach Chicago.

Of interest to private airplane operators in central New Mexico was the completion during 1960 of Coronado Airport just north of Albuquerque for the use of small private planes. Cost of the new field was half a million dollars.

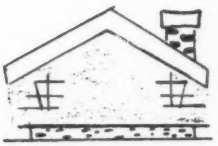
A. A. B.

37. RAIL FREIGHT MOVEMENTS BY GROUPS
New Mexico, 1958 & 1959

	ORIGINATING IN NEW MEXICO				TERMINATING IN NEW MEXICO			
	Carloads		Tons		Carloads		Tons	
	1958	1959	1958	1959	1958	1959	1958	1959
Forwarder Traffic	1	--	17	--	1,550	1,569	18,163	16,245
Agricultural Products	6,709	8,908	175,398	260,474	3,466	3,514	67,641	66,966
Animal Products	8,709	8,323	89,954	87,209	2,098	1,553	24,356	17,900
Mining Products	27,199	24,007	1,865,340	1,623,508	21,095	17,541	1,547,243	1,261,582
Forest Products	1,737	1,996	44,903	51,880	3,583	4,127	104,931	121,780
Manufactures & Miscellaneous Products	85,509	91,439	4,183,823	4,465,673	27,608	31,420	829,598	1,002,093
TOTAL - Carloads	129,864	134,673	6,359,435	6,488,744	59,400	59,724	2,591,932	2,486,566
L.C.L.*	--	--	8,328	6,948	--	--	23,198	19,560
TOTAL	129,864	134,673	6,367,763	6,495,692	59,400	59,724	2,615,130	2,506,126

*Less than carload lot
Source: Traffic and Rate Department, N. M. State Corporation Commission

Construction



During the last decade the construction industry has played a vital role in the expansion of New Mexico's economy. An appraisal of our construction industry has been essential in any analysis of the growth of New Mexico's economy for two basic reasons: first, as it has reflected the strength and vigor of essential growth factors that have been at work in the New Mexico economy since 1946; and, second, as the industry itself has contributed to the overall expansion of business activity.

The year 1960 was one of decline for the construction industry. Although the major indicators showed very substantial drops from 1959 activity, an internal examination of some of these indicators reveals a picture that is not as depressing as the initial observation leads one to think.

The most comprehensive view we have of the State's construction industry is that provided by the F.W. Dodge Corporation's series of construction reports. (We are somewhat handicapped when using this material because the series was not begun until 1957; therefore, data for previous years are not available.) The Dodge Corporation reported a decline of 17 per cent in New Mexico construction activity in 1960, yet $221 million in new construction started during the year was a sizeable figure and probably represents about the same volume of new building as that begun during 1955 or 1956. The weak condition of the State's construction industry shows up more noticeably when we remember that the level of such activity during 1959 was almost 12 per cent below that of 1958. During 1960, construction declined for the second year in a row, and the industry was building at a rate that was more than a quarter less than that during the 1958 peak.

The volume of building permits issued by 18 communities that report the value of such permits to the Bureau of Business Research reflects declines of much the same magnitude as the Dodge information reflects. Although our permit data cover only certain specific areas, it has the advantage in analysis of being available for a considerable number of years. Looking at figures for 1960 and for the decade of the Fifties, we obtain an important comprehensive view of the construction industry. Although the value of permits declined rather drastically in 1960, nevertheless, with the exception of 1958 and 1959, the 1960 volume of building permits was larger than any other ever experienced in New Mexico. It is not unrealistic to say that, instead of being depressed during 1960, the construction industry was returning to more normal levels, following boom conditions of 1958 and 1959. Apparently, many of the forces that contributed to the rapid building expansion during 1958 and 1959 lost some of their vigor and drive in 1960. We might assume (and certain information presented in the opening article of this issue supports the assumption) that the various economic forces which had influenced construction activity in the past lay dormant during 1960, gathering strength for an expansionary phase that may surpass anything the previous decade saw.

Looking more closely at the Dodge figures, we see that the reduced volume of residential construction was the most significant aspect of last year's total decline. The overall volume of construction activity dropped approximately $45 million; residential construction itself dropped $47 million. Last year's residential construction values were almost 40 per cent below those of the 1958 peak. In addition to the housing decline, nonresidential construction fell 29 per cent. Although the erection of all new buildings slowed down during 1960, the 30-per cent increase in the volume of construction in the heavy engineering category--public works and utilities--prevented the decline from being even greater than it was.

It is inaccurate to say that the 1960 decline in construction activity was responsible for the overall weakness of the State's economy as a whole. But we can safely and accurately say that certain basic economic forces did not live up to past performances last year, that the poor performances of these forces precipitated the lessening of building activities, and that the ensuing

38. TOTAL CONSTRUCTION VALUATION
Mountain States, 1959 & 1960
(in thousands)

	1959	1960	Per Cent Change
NEW MEXICO	$ 264,129	$ 220,320	-16.6
Arizona	459,271	453,381	- 1.3
Colorado	510,239	460,733	- 9.7
Idaho	122,241	115,442	- 5.6
Montana	134,113	133,438	- 0.5
Nevada	98,962	129,828	+31.2
Utah	227,104	194,722	-14.3
Wyoming	108,868	121,234	+11.4
TOTAL	$1,924,927	$1,829,098	- 5.0

Source: F. W. Dodge Corporation

39. NEW MEXICO CONSTRUCTION ACTIVITY
1959 & 1960

		Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec	TOTAL	Monthly Average
Total Building Permits*	1959	$12,074	9,257	11,137	14,831	10,317	10,471	6,739	9,208	9,688	8,245	6,479	14,830	123,276	10,273
(add 000s)	1960	$ 5,526	7,692	8,575	8,818	8,815	9,844	6,689	8,891	7,858	5,098	7,344	4,784	89,934	7,495
Residential Building	1959	$ 7,919	6,272	7,731	10,213	6,369	7,354	4,451	5,688	6,462	5,250	4,142	4,450	76,301	6,359
Permits (add 000s)	1960	$ 3,830	4,497	4,663	4,709	3,749	5,111	4,647	3,727	4,451	2,761	3,423	2,117	47,685	3,974
Nonresidential Building	1959	$ 3,079	2,141	1,367	3,531	2,733	1,640	1,311	1,915	2,300	2,293	1,609	9,744	33,663	2,805
Permits (add 000s)	1960	$ 1,176	2,453	1,693	3,056	2,335	3,622	1,297	4,064	2,558	1,529	2,953	1,837	28,573	2,381
Other Building Permits	1959	$ 1,076	844	2,039	1,087	1,215	1,477	977	1,605	926	702	728	636	13,312	1,109
(add 000s)	1960	$ 520	742	2,219	1,053	2,731	1,111	745	1,100	849	808	968	830	13,676	1,140
Construction Contracts	1959	$19,760	23,603	26,600	29,941	22,698	27,093	24,040	15,789	14,980	20,370	16,763	24,716	266,353	22,196
Awarded* (value in 000s)	1960	$12,363	19,093	14,263	17,705	24,783	44,463	14,828	18,728	16,085	18,424	11,464	8,981	221,180	18,432
Residential	1959	$ 8,218	10,502	12,169	14,311	13,752	18,442	10,370	10,893	10,493	8,679	7,255	5,966	131,050	10,921
(value in 000s)	1960	$ 5,640	6,173	6,753	8,521	8,115	10,661	8,194	7,408	6,957	5,954	5,747	3,523	83,646	6,971
Number of Permits	1959	740	946	1,103	1,149	894	1,888	776	815	867	715	576	468	10,937	911
	1960	424	451	525	660	573	702	653	549	534	498	405	230	6,204	517
Floor Area	1959	770	1,011	1,170	1,386	1,123	1,631	988	1,012	1,000	822	689	569	12,171	1,014
(1,000 sq ft)	1960	539	583	639	800	780	890	740	638	653	562	539	331	7,694	641
Nonresidential	1959	$ 3,011	3,269	4,505	9,161	5,183	4,583	6,778	2,704	3,116	9,060	4,489	11,444	67,303	5,609
(value in 000s)	1960	$ 2,590	3,041	2,669	4,259	6,044	5,126	2,125	5,070	5,568	3,538	4,663	2,884	47,577	3,965
Floor Area	1959	209	174	321	609	441	319	419	210	258	421	398	811	4,590	382
(1,000 sq ft)	1960	199	258	241	275	351	352	157	471	467	249	342	218	3,580	298
Heavy Engineering	1959	$ 8,531	9,832	9,926	6,469	3,763	4,068	6,892	2,192	1,371	2,631	5,019	7,306	68,000	5,666
(value in 000s)	1960	$ 4,133	9,879	4,841	4,925	10,624	28,676	4,509	6,250	3,560	8,932	1,054	2,574	89,957	7,496
Contractors' Sales	1959	$31,515	33,614	34,468	33,051	34,620	40,260	41,685	23,386	20,893	35,821	41,981	27,668	398,962	33,247
(add 000s)	1960	$32,160	36,382	27,952	36,713	34,762	30,932	33,486	35,467	37,355	29,866	31,515	31,866	398,456	33,205
Building Materials Sales	1959	$19,530	10,717	11,927	12,514	13,076	13,701	13,881	12,404	10,644	11,063	10,069	9,385	148,911	12,409
(add 000s)	1960	$ 8,953	10,308	9,922	12,128	11,768	12,031	12,264	11,286	12,283	10,715	9,447	8,800	129,905	10,825
Shipments of Portland	1959	232	224	258	299	306	327	300	293	286	228	182	172	3,107	259
Cement (000s of bbls)	1960	120	147	206	214	244	226	198	243	231	217	220	133	2,399	200
Employment in	1959	21,700	22,100	22,600	23,200	23,500	23,700	23,200	22,500	22,100	20,200	19,600	19,100	--	22,000
Construction	1960	17,000	18,000	18,800	19,100	19,500	19,600	20,000	20,000	19,700	19,500	19,600	17,500	--	19,000

*The lack of agreement among dollar values is explained by differences in sources.

Sources: Building permits--reports of 18 city building inspectors; Construction Contracts Awarded--F. W. Dodge Corporation; sales--N. M. Bureau of Revenue; cement--U. S. Bureau of mines; employment--N. M. Employment Security Commission

depressed state of the construction industry was a significant factor contributing to the largest annual decline recorded by our Index of Business Activity since its inception.

OTHER AREAS

Before we make a more precise and detailed examination of building in New Mexico, we should look at what happened to the construction industry in neighboring states and in the United States as a whole. Dodge reported that on a national basis there was a gain in the value of all new construction of 0.1 per cent over 1959, an increase considerably below that of the previous year. This minute national gain was composed of various factors moving in different directions and at different rates of speed. Residential building, which accounts for more than half of all new construction in the country, experienced a decline of 12 per cent, while nonresidential building was up 7 per cent, and heavy engineering construction rose 16 per cent.

Although the experience of the construction industry throughout the Mountain States was similar to that in New Mexico, the decline for the area as a whole was not as sharp as it was here. While total regional construction activities shrank 5 per cent, the overall rate as well as that of particular types of construction among the eight states varied considerably. The New Mexico drop of almost 17 per cent was larger than any other in the region, although Utah had one of similar magnitude. Six of the eight states in the region reported 1960 construction declines, but two states (Nevada and Wyoming) reported strong gains. It should be noted that these two states had the smallest total construction volume during 1959.

While the entire industry in New Mexico suffered last year when compared with the situation in other states, the residential segment showed the sharpest difference. In the Mountain States residential construction declined about 9 per cent; in New Mexico the drop was 36 per cent--the largest experienced in the entire region. Utah followed New Mexico, with residential construction values 18 per cent below those of 1959. Nevada and Wyoming also reported residential increases of 24 and 1 per cent, respectively.

BUILDING PERMITS

An examination of construction activity in those 18 communities issuing permits and reporting their value to the Bureau of Business Research gives a more detailed, although somewhat less comprehensive, view of the industry. The 18 communities accounted for approximately 40 per cent of all construction in the State, but almost 60 per cent of total residential building. The industry suffered more in these areas than in the State as a whole. Total permits issued by them last year were 27 per cent below those issued during 1959 and were also almost 30 per cent below the peak volume of 1958. For the second year in a row, total permit values dropped, though the 1958-1959 decline was only 2.5 per cent.

Just as the construction boom of 1958-1959 had centered around greatly expanded residential building (the 53-per cent increase in total construction in 1958 over that in 1957 rode on the wings of a 75-per cent rise in residential construction), so the big drop in housing construction proved to be the central factor bringing total construction down: in actual dollar amounts, permit values in the 18 cities slid $33.4 million, with the residential segment accounting for $28.6 million.

By going beyond the questions of the availability of mortgage money, interest rates, and down-payment requirements, we may get a better understanding of factors that played a decisive role in this highly important residential decline. Our figures indicate that the State's population grew only 1.9 per cent during 1960, an annual rate of increase smaller than any other experienced during the preceding 10 years. The conclusion appears to be that residential construction weakened as a result of the declining rate of population growth. Furthermore, the reports suggest that, while the population grew faster during 1956 and 1957 than during any other part of the decade, the greatest expansion of residential construction occurred immediately thereafter--during 1958 and 1959.

In comparison with the large residential decline, the nonresidential drop in 1960 of 15 per cent seems very small, although 1960 values were more than $5 million under 1959's. The "other" category, which represents permits issued for additions and alterations to buildings, the construction of fences and pools, and similar items, gained a small 2.7 per cent. It is important to note that this increase is on top of a record 46.5-per cent gain in 1959. In 1959 the "other" volume was the largest ever recorded by this category; and, as has been said, the 1960 figure was even higher. Although the material is not at hand to make the analysis, it would be interesting to trace the relationship between changes in residential construction volumes and changes in the "other" category.

CHANGING CHARACTER

In addition to examining the changes that occurred among the various construction categories for both the total Dodge figures and for our more limited building-permit data, it is valuable to examine the changing character of construction activity in the State as represented by the changing importance of the various construction categories. We can get the clearest picture of the shifting character of construction by examining the industry during 1958, a year of booming activity, and during 1960, a year of more normal

40. VALUE OF TOTAL BUILDING PERMITS IN 18 CITIES
New Mexico, 1958-1960

	1958	1959	1960	Per Cent Change 1959 - 1960
Alamogordo	$ 7,729,517	$ 7,719,486	$ 2,096,255	- 72.8
Albuquerque	66,998,220	69,584,464	43,411,139	- 37.6
Artesia	2,628,341	2,845,068	2,315,022	- 18.6
Carlsbad	2,256,380	2,224,963	2,510,343	+ 12.8
Clayton	62,200	122,180	224,469	+ 83.7
Clovis	3,642,735	4,190,252	5,183,603	+ 23.7
Deming	871,120	1,279,350	1,143,210	- 10.6
Farmington	14,827,364	7,817,530	3,027,399	- 61.3
Gallup	2,571,873	2,656,403	2,676,730	+ 0.8
Hobbs	6,447,110	2,981,794	3,339,728	+ 12.0
Las Cruces	7,582,000	7,080,000	4,159,892	- 41.2
Las Vegas	953,800	878,192	704,289	- 19.8
Lordsburg	224,300	132,710	586,200	+341.7
Portales	701,754	782,634	918,494	+ 17.4
Raton	247,750	678,350	121,910	- 82.0
Roswell	5,602,427	7,258,412	9,157,153	+ 26.2
Santa Fe	2,549,902	3,941,780	6,867,105	+ 74.2
Tucumcari	517,855	1,102,057	1,491,205	+ 35.3
TOTAL	$126,414,648	$123,275,625	$89,934,146	- 27.0

Source: Individual reports from 18 city building inspectors

41. VALUE OF RESIDENTIAL PERMITS IN 18 CITIES
New Mexico, 1958-1960

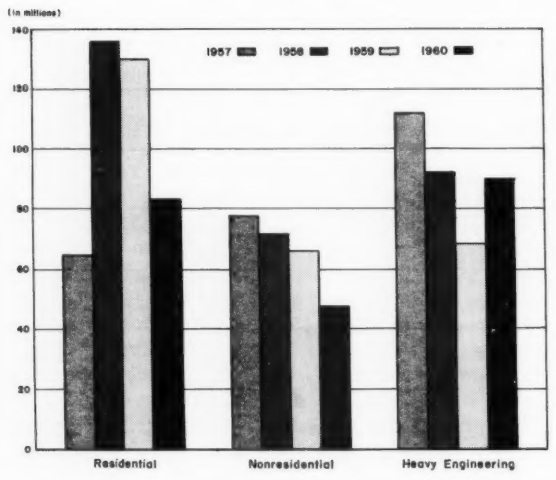
	1958	1959	1960	Per Cent Change 1959 - 1960
Alamogordo	$ 6,152,418	$ 5,917,752	$ 328,503	- 94.4
Albuquerque	45,164,464	43,308,278	23,661,054	- 45.4
Artesia	1,445,700	1,585,195	1,493,595	- 5.8
Carlsbad	1,159,300	1,198,250	1,085,000	- 9.5
Clayton	25,200	72,000	119,500	+ 66.0
Clovis	2,776,434	2,730,994	3,236,239	+ 18.5
Deming	465,250	670,000	895,900	+ 33.7
Farmington	10,041,987	4,827,640	641,985	- 86.7
Gallup	968,464	864,893	1,645,602	+ 90.3
Hobbs	3,459,700	1,655,300	1,517,150	- 8.3
Las Cruces	5,907,000	5,200,000	2,173,300	- 58.2
Las Vegas	108,500	163,337	397,687	+143.5
Lordsburg	37,500	53,000	40,900	- 22.8
Portales	414,674	623,490	572,750	- 8.1
Raton	182,700	287,250	64,000	- 77.7
Roswell	3,695,165	4,651,625	5,899,350	+ 19.1
Santa Fe	1,463,253	1,752,692	3,453,070	+ 97.0
Tucumcari	273,025	438,900	459,700	+ 4.7
TOTAL	$83,740,934	$76,300,596	$47,685,285	- 37.5

Source: Individual reports from 18 city building inspectors

Value of Construction

As Reported by F. W. Dodge Corporation

New Mexico, 1957, 1958, 1959, & 1960



conditions. Of course, the picture given of the construction industry differs depending upon the source of information used, but the nature of the changes taking place since 1958 are similar. During 1958 total construction volume as reported by Dodge consisted of these values: 45 per cent residential, 24 per cent nonresidential, and 31 per cent heavy engineering. In 1960, residential construction lost its prominence; and, with nonresidential construction also dropping, the heavy-engineering group moved into first place. The 1960 percentage distribution was as follows: 37.8 residential, 21.5 nonresidential, but 40.7 heavy engineering.

Our building-permit data give this picture for 1958: 66.2 per cent residential, 26.6 per cent nonresidential, and 7.2 per cent "other." The permit areas experienced the same changes as did the rest of the State, so that by 1960 residential construction represented only 53 per cent of all permitted construction, while nonresidential and "other" increased so that they came to equal 31.7 per cent and 15.3 per cent of total construction, respectively.

A very desirable feature of our building-permit data is that they permit us to look at the trend of construction activities in particular localities. An examination of the value of building permits issued in 18 of the State's major cities alters somewhat the overall appraisal of the construction picture; for, although the total values of permits issued declined $33.4 million (27 per cent), 10 of the cities reported substantial 1960 increases. The $36.6-million drop experienced by Albuquerque, Alamogordo, and Farmington taken together was primarily responsible for bringing down the State total, gains elsewhere held the total decline to only $33.4 million.

Again, it was the weakness of residential building permits in the same three cities (Albuquerque, Alamogordo, and Farmington) that accounted for the residential decline: residential construction activity for all 18 cities fell off $28.6 million from 1959; the three cities reported combined drops of $29.4 million. Eight others reported greater residential construction. The changing character of residential construction among the 18 cities can be understood somewhat more precisely when we learn that during 1959 Albuquerque accounted for 56.8 per cent of all residential building permits, Alamogordo for 7.7 per cent, and Farmington for 6.3 per cent. However, during 1960 the Albuquerque percentage of all permitted residential construction amounted to only 49.7 per cent; that in Alamogordo to 0.6 per cent; and that in Farmington to 1.3 per cent.

FHA-VA

The Federal Housing Administration and the Loan Guarantee Division of the Veterans Administration, agencies that assist in the financing of residential buildings, reported declines much in line with the overall residential drops. During 1960 these two agencies together helped finance about 56 per cent of the new homes built and sold in New Mexico, a percentage only slightly less than that of 1959. The FHA financed about 20 per cent more construction during 1959 than did the VA, but the gap was greatly reduced during 1960.

EMPLOYMENT

When new construction activity declines, industry employment inevitably follows suit. Average monthly construction employment in New Mexico during 1960 was almost 14 per cent less than during 1959. As a result of this drop, construction employment declined as a proportion of total employment. During 1960, 8 per cent of all persons in nonagricultural employment in the State were in the construction industry. Although this was considerably more than the 5 per cent employed in construction nationally, it represented a setback from 9.4 per cent of the total that construction represented during 1959. Even with the relatively poor showing of the industry last year, the important role its workers continue to play in the State's employment picture illustrates the importance of the industry to the economy.

The number of workers employed by all general contractors decreased approximately 13 per cent last year, while there were 18 per cent fewer persons employed by the special trade contractors. Among the dozen different types of construction employers, only the heavy construction operators reported an important increase--22 per cent above the 1959 level. In face of weakened demands for construction employees, the average

number of working hours of employees declined, but their hourly earnings increased slightly, so that in total the persons at work averaged $4.00 more per week during 1960 than they had during 1959.

HIGHWAY CONSTRUCTION

The State Highway Department stepped up its tempo of operations during 1960 and awarded $35-million worth of construction contracts, 62 per cent more than during the previous year. However, it should be remembered that highway construction had been seriously retarded during 1959 by the lack of federal funds so that no new work was let from July to October. The interstate highway program continued to get primary consideration. During 1960 more funds were committed to this system of roads--35 per cent of all contracts awarded--than to any other system. The Federal Aid Secondary System received second consideration, getting about 30 per cent of all awards.

The largest individual contracts awarded by the department were for new work upon the interstate system. A 4.3-mile stretch of Interstate 40 west of McCartys was placed under contract at a cost of $1.7 million, the largest single job awarded during the year. However, the most expensive contract on a per-mile basis was probably the 0.95-mile of Interstate 25 let for construction through Albuquerque at a cost also of $1.7 million (actually, a few thousand dollars under the McCartys project). During 1960, contracts were awarded for almost 48 miles of four-lane highway, about 20 per cent more than during 1959.

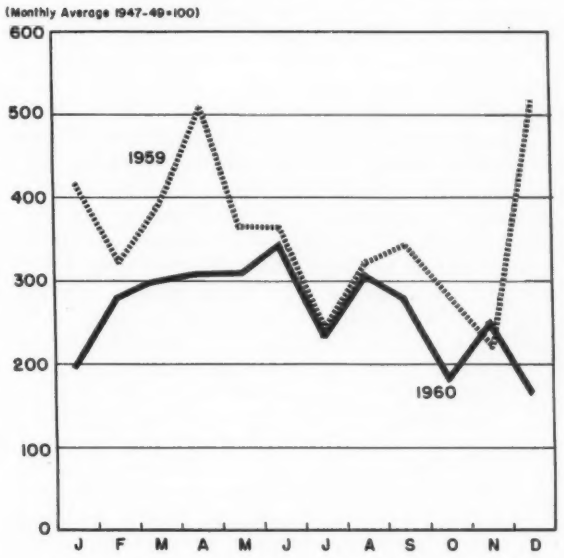
The volume of work that the highway department had under contract at any one time doubled from December of 1959 to December of 1960. As 1959 ended, the department had under contract mileage set at $17.5 million; but as 1960 closed, jobs costing $36.8 million were being worked on. This increase developed, of course, as the result of the much larger volume of contracts the department awarded during the year. Almost half of the work under contract during December 1960 was on the interstate program.

42. UNION WAGE SCALES IN ALBUQUERQUE
October, 1959 & 1960

	Hourly Rates	
	October 1959	October 1960
Bricklayers	$4.000	$4.250
Carpenters	3.275	3.490
Electricians	3.550	3.750
Painters	2.875	3.050
Plasterers	3.500	3.500
Plumbers	3.850	4.030
Building Laborers	2.175	2.200

Source: U.S. Bureau of Labor Statistics

Indexes of Building Permits in 18 Cities
NEW MEXICO, 1959 & 1960



COSTS

Construction costs are of vital concern to the planner, the architect, the contractor, and the project owner. We are unfortunate in not having figures available that show the changes in New Mexico construction costs. However, the United States Department of Commerce does report construction cost data on a national basis. During 1960 the Commerce Department reported that such costs moved upward by a bare 1 per cent. This was a smaller annual increase than the industry had experienced in several years. Although overall construction costs, which are a composite of many different items, moved upward, the Commerce Department estimated that costs of construction materials moved downward 4 per cent in 1960. This is the first sizeable decline the industry has experienced in some time, and places current material costs at approximately the 1955-1956 level. The Bureau of Public Roads estimated that 1960 highway construction costs were about 1 per cent smaller than those of 1959.

A.A.B.

Trade

CAUTION REGARDING DATA

It should be noted that the sales figures appearing in this section are the "gross receipts" reported to the School Tax Division of the Bureau of Revenue. Although establishments are requested to report their total receipts regardless of whether all of them are subject to tax, there are several reasons why such gross receipts may not reflect actual sales made by stores of a particular kind nor adequately measure changes from year to year and month to month.

1. Taxpayers (businesses) may report on a cash basis; that is, they are not required to pay tax on sales for which they have not collected. Thus sales do not appear in the reports until the purchasers have paid their bills. While this situation could result in some lag between actual sales and reported sales, no serious effect in year-to-year comparisons should result unless the volume of credit sales in the closing months of the year is appreciably smaller or greater than in another year under comparison.
2. Since the gross receipts are those only of the concerns which report sales and pay their taxes, the reported figures necessarily exclude the business of delinquent taxpayers. So long as delinquency (either late payment or failure to pay) remains a fairly constant percentage of the total volume of business, it will have no appreciable effect on month-to-month or year-to-year comparisons for purposes of detecting changes in the overall picture of retail trade. However, if in any particular year delinquency is decreased by enforcement drives or other means or is allowed to increase through lax enforcement, comparisons of year-to-year changes may be misleading.
3. If reports of taxpayers are not accurately and consistently classified according to the type of business of the taxpayer, the reported figures will not reflect accurately the distribution of total sales among different types of businesses or the month-to-month and year-to-year changes in the volume of different kinds of businesses.

It is known that Bureau of Revenue figures on gross receipts reported by businesses subject to the Emergency School Tax (the sales tax) have suffered from all three of the above-mentioned difficulties, but to what extent the reported figures have been affected is not known. The very obvious presence of certain other, but related, difficulties has caused this Bureau to cease publication of the monthly reported figures until it can be shown that the difficulties have been remedied.

However, because the gross receipts reported to and by the Bureau of Revenue are the only available measures of the dollar volume of business transacted by broad sectors of the State's economy, the Bureau of Business Research of necessity has had to resort to these reports,

43. SALES AND EMPLOYMENT IN RETAIL TRADE
New Mexico, 1959 & 1960

		Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec	TOTAL	Monthly Average
Sales (in millions)															
All Retail Stores	1959	$110.8	115.3	107.3	106.0	119.0	130.3	133.6	125.2	122.1	120.9	106.5	105.8	1,402.8	116.9
	1960	$113.7	103.5	95.1	143.6	100.0	125.7	122.2	118.0	110.9	106.3	100.6	122.4	1,362.0	113.5
Apparel Stores	1959	$ 6.6	3.2	3.5	3.0	3.5	3.7	3.4	3.7	3.2	3.9	3.5	4.5	45.7	3.8
	1960	$ 4.4	2.5	2.6	4.2	3.3	3.7	3.5	3.5	3.1	3.5	3.2	5.7	43.2	3.6
Automotive Stores	1959	$ 29.3	33.3	34.3	31.4	34.9	36.2	40.7	34.0	30.3	37.2	26.5	28.8	396.9	33.1
	1960	$ 26.7	25.9	24.0	53.2	17.0	44.5	33.2	31.7	29.2	28.1	25.2	30.2	368.9	30.7
Subsistence Stores	1959	$ 26.3	25.1	24.2	24.9	22.3	32.3	29.9	28.9	28.3	25.5	25.9	21.5	315.1	26.3
	1960	$ 28.9	24.5	24.8	27.6	26.8	28.1	30.5	30.3	26.6	25.8	26.8	28.0	328.7	27.4
Furniture & Appliance Stores	1959	$ 7.2	4.9	4.3	4.4	4.5	5.8	4.9	5.7	4.8	5.6	4.3	5.3	61.7	5.1
	1960	$ 4.2	4.8	3.5	4.9	4.0	3.8	4.6	4.3	4.1	4.1	4.1	5.0	51.4	4.3
Building Materials Stores	1959	$ 19.5	10.7	11.9	12.5	13.1	13.7	13.9	12.4	10.6	11.1	10.1	9.4	148.9	12.4
	1960	$ 9.0	10.3	9.9	12.1	11.8	12.0	12.3	11.3	12.3	10.7	9.4	8.8	129.9	10.8
Other Retail Stores	1959	$ 21.9	38.1	29.1	29.8	40.7	38.6	40.8	40.5	44.9	37.6	36.2	36.3	434.5	36.2
	1960	$ 40.5	35.5	30.3	41.6	37.1	33.6	38.1	36.9	35.6	34.1	31.9	44.7	439.9	36.7
Employment in Retail Stores (in thousands)	1959	37.4	37.5	38.2	38.8	39.8	40.7	40.7	41.2	40.9	40.4	40.7	42.5	--	39.9
	1960	39.6	39.1	39.3	40.2	40.7	41.9	41.9	42.0	41.7	40.9	41.2	42.6	--	40.9

Sources: N. M. Bureau of Revenue and N. M. Employment Security Commission

44. COMPARISON OF SALES AND EMPLOYMENT IN TRADE

New Mexico, 1955-1959 and 1960

	1955	1956	1957	1958	1959	Per Cent Change 1955 - 1959	1960	Per Cent Change 1959 - 1960
Sales (in millions)								
All Retail Stores	$987.6	$1,118.6	$1,227.0	$1,270.8	$1,402.8	+42	$1,362.0	- 3
Apparel	32.0	34.9	37.9	37.3	45.7	+43	43.2	- 5
Automotive	276.0	311.5	324.5	335.1	396.9	+44	368.9	- 7
Subsistence	231.0	248.4	270.2	284.6	315.1	+36	328.7	+ 4
Furniture & Appliances	58.3	68.7	50.6	48.4	61.7	+ 6	51.4	-17
Building Materials	87.0	92.9	100.2	120.7	148.9	+71	129.9	-13
Other	303.3	362.2	443.6	444.7	434.5	+43	439.9	+ 1
Employment, average monthly (in thousands)	32.7	33.9	35.7	37.6	39.9	+22	40.9	+ 3
Sales (in millions)								
Amusements	$ 15.3	$ 15.0	$ 15.8	$ 18.6	$ 20.3	+33	$ 21.4	+ 5
Business, Personal, & Professional Services	$100.0	$ 114.4	$ 133.5	$ 145.6	$ 171.7	+72	$ 173.7	+ 1
Employment, average monthly (in thousands)	27.4	29.0	30.8	33.1	36.1	+32	37.5	+ 4
Sales (in millions)								
Wholesale	$314.7	$ 332.5	$ 380.8	$ 423.5	$ 479.6	+52	$ 513.2	+ 7
Employment, average monthly (in thousands)	7.0	7.5	8.3	8.4	8.9	+27	9.0	+ 1

Sources: N. M. Bureau of Revenue and N. M. Employment Security Commission

inadequate as they may be, as at least one source of understanding of what happened to New Mexico's economy in 1960 (and prior years). Consequently, we feel justified in publishing the figures reported by the Bureau of Revenue in this annual review, but at the same time we feel responsible for pointing out that:

1. The distribution of sales among kinds of businesses may not be entirely accurate because of certain observed inaccuracies and inconsistencies in the classification of taxpayers.
2. The changes indicated from year to year (particularly, from 1959 to 1960) may not reflect accurately the actual changes that occurred. If it is true, as has been reported, that there was a concerted enforcement drive in 1959, the 1959 reported figures would show a larger increase than that occurring in the actual volume of business because 1959 figures would include sales made in previous years but reported for tax purposes in 1959. Moreover, if--as has been reported--delinquency increased in 1960, actual sales volume may not have decreased as much as the reported figures would indicate. If credit sales increased substantially and collections fell off appreciably during 1960, this fact would also tend to overstate the decline in volume of sales in 1960 compared with those in 1959.

Despite these difficulties it seems that the reported figures may reflect the broad patterns of sales activities, particularly over a span of several years. The following analysis is presented, therefore, subject to the above limitations, as an aid to understanding the recent course of business activity in New Mexico.

Retailers

After basking for more than 10 years in the sunny climate of brisk and invigorating business growth, New Mexico greeted 1960 with optimism. However, during the early part of the year a few economic storm clouds began gathering; and in certain business areas warning signals were soon hoisted. At this writing, data on retail activity during the first year of the "Roaring Sixties" is now material for the record and indicates a slight weakening in the dynamic vigor of New Mexico's trade activity.

Last year could perhaps be properly described as a first-plateau pause for catching economic breath. The volume of sales (gross receipts) of retail stores in New Mexico, as reported by the State Bureau of Revenue, for 1960 totaled $1,362 million--a 3-per cent decline from the $1,402 million in 1959. However, before pressing the panic button, New Mexicans should note that despite the decline 1960 sales were still the second largest in dollar volume in the State's retail sales history. If last year's apparent consumer caution lessens this year--and the fact that 1960 personal income here reached an all-time high, increasing 0.4 per cent, is encouraging--then retail trade has an excellent chance to make up deficits and resume the healthy growth characteristic of recent years.

With the realization that in the very first year of the Sixties the State's economy arrived at the kind of plateau described above, most business-

men, as well as other persons who follow New Mexico's economic trends, will no doubt take a longer look at trade statistics than they did during periods which were blessed with generally steady increases. It is with this thought in mind that the BBR has compiled an additional five-year table for the trade section as a means of taking a retrospective statistical inventory, reflecting at a glance recent activity of certain trade groups, as a comparison with or in relation to activity occurring in 1960.

Whatever strength and buoyancy retail trade experienced in 1960 seems to have been provided by consumer willingness to purchase larger volumes of services, amusements, professional services, and subsistence items. With a somewhat higher personal income, New Mexico's consumers by and large apparently had the means for retail purchasing on a par with that in 1959; but an atmosphere of caution seems to have prevailed regarding certain commodities. For example, the furniture and appliances and the building materials groups encountered enough buyer resistance to result in rather sizeable sales declines of 17 per cent and 13 per cent respectively, while gross sales of the automotive group showed a drop of 7 per cent. Apparel sales also dropped off, with a decrease of 5 per cent. Other changes are shown in the table referred to above, which also shows comparable percentage changes for the 1955-1959 years. Reference to this table will make apparent the fact that following the exceptionally rapid rate of growth and the high levels reached in retail sales since 1955 some leveling-off was to be expected, so that trade figures for 1960 should be considered partly in that light.

Since comparisons of state or regional economic patterns with those of the nation are, to say the least, interesting, New Mexicans may want to know how retail trade in this state compared with that throughout the nation generally during 1960. In view of the fact that New Mexico's rate of economic growth had considerably outpaced that of the nation during the last decade, what happened in 1960 in trade was a trifle gloomy. Last year's national retail trade levels showed a decline of 1 per cent in sales of durable goods, but a gain of 3 per cent in sales of nondurable goods. Of course, New Mexico does not classify its sales under these two broad categories, so that an accurate comparison cannot be made; but apparently trade was at least a trifle slower here than in the United States as a whole.

It is encouraging to note that employment in the trade segment increased during 1960 to an all-time high, the retail classification showing an increase of 3 per cent over 1959. Employment in services and amusement grew 4 per cent, and employment by New Mexico wholesalers increased 1 per cent. Some of the employment gains in trade probably stemmed from the fact that New Mexico had about 400 more trade establishments in operation (approximately 6 per cent more than in 1959), according to second quarter figures of the ESC.

SUBSISTENCE

Firms in the subsistence group (food stores, eating and drinking places, and public lodgings) completed the year with a sales increase of 4 per cent, appreciably in line with the increase recorded for this category at the national level. The 1960 gain, while not so large as in some previous years, provides uninterrupted continuity to a pattern of consecutive yearly increases by New Mexico's subsistence firms. On a county basis, however, nine counties recorded sales declines for the year, compared with two counties showing declines for 1959. Of the 22 counties recording increases, in 1960 15 had percentage gains above the overall average of 4 per cent, seven had gains below the overall average, and one county had a no-gain, no-loss balance for the year.

Although the $329 million in gross receipts in 1960 was greater than the total for 1959, any rise in consumer costs could have resulted either in some actual decrease or in no change whatever in physical volume (actual use or consumption) of subsistence goods. The definite relationships between prices of consumer items throughout the nation and those in New Mexico are not precisely known, but it is logical to assume that proportional increases or decreases would be affected in state price indexes by any substantial fluctuations occurring nationally. The Consumer Price Index for the nation rose 1.5 per cent for the year, with the 1960 average annual "All Foods" index rising 1.2 per cent (Bureau of Labor Statistics). The Retail Food Price Bulletin is the only available compilation of retail prices in New Mexico. Published regularly by this Bureau, the bulletin reports retail prices of food items in Albuquerque on a monthly basis. The level of the average monthly price of all food purchased in Albuquerque shows an increase of 0.4 per cent for 1960. It is interesting to note in Table 46 that prices of meats, poultry, and fish and those of cereals and bakery products helped to stem the rise in food costs: both groups showed index declines for 1960 from those of 1959.

APPAREL

More peaks than valleys have made up the pattern of apparel sales in New Mexico each year, fashioning an overall design of almost steady growth. Sales recorded by the group declined 5 per cent, somewhat leveling out from the all-time high reached the previous year. Their national counterparts managed to edge into the plus side

of the ledger with a 2-per cent increase for the year. No clothing stores were reported in Catron and Harding counties. Eighteen counties had sales declines during 1960, with 12 others completing the year with percentage increases ranging from 2 to 28 per cent above sales the previous year.

AUTOMOTIVE

A total of $369 million was channeled through business firms selling, maintaining, and servicing automobiles in New Mexico during 1960. This amount was 7 per cent less than last year's record volume of $397 million. The automotive group in the State is composed of two major subgroups--automobile dealers and gasoline-and-accessory sellers. Of last year's total automotive business, about 45 per cent went to dealers and 55 per cent to the others. The gasoline-accessory group throughout the State almost equaled 1959 volume, but had a marginal decline of 1 per cent. Such businesses across the country, however, contrastingly scored an increase of about 5 per cent over their 1959 business.

New Mexico auto dealers apparently were impelled to pursue the policy of the "hard sell," particularly during the second half of 1960, as their portion of the automotive total registered a decline of 13 per cent. On the national scene, auto dealers as a whole reportedly were able to hold the line to a volume about like that in 1959. However, because of the upswing in the sale of the compacts, more unit sales were required in order to maintain a comparable dollar volume.

No statewide tabulation of county registrations of new autos according to make is currently available. A limited picture may be of interest, although it is restricted to one county. The following 1960 tabulation for Bernalillo, furnished by the Albuquerque New Car and Truck Dealers Association, is compiled from information supplied by the Bernalillo county license distributor:

Ford	1,770	Cadillac	248
Chevrolet	1,676	Studebaker	174
Plymouth	708	Chrysler	88
Rambler	608	Willys	61
Mercury	441	De Soto	27
Dodge	375	Lincoln	23
Oldsmobile	360	Imperial	16
Pontiac	348	Other	686
Buick	262	TOTAL	7,871

BUILDING MATERIALS

The general slowdown in private residential construction throughout much of the State at least partially explains the rather substantial contraction in sales volume of our various building materials stores during 1960. The 13-per cent decline, representing a differential in sales volume of approximately $19 million when compared with 1959 sales, brought a somewhat abrupt reversal in the trend of year-to-year increases previously recorded for this group. During 1955-1959 the rate of expansion led the retail section with a healthy increase of 71 per cent for this period. Month-to-month sales figures for 1960 indicate an uphill effort throughout the year, with the midyear seasonal upturn still falling short of the sales volume for the same period during 1959. During 1959 all but four New Mexico counties recorded sales increases, whereas for 1960 less than half of the counties in the State were able to better last year's record. Fifteen counties recorded gains, while seventeen counties indicated losses in building materials sales. Building materials dealers across the nation encountered difficulties similar to those faced by New Mexico dealers, somewhat mitigated by a milder decline of only 3.5 per cent below business the preceding year.

FURNITURE & APPLIANCES

Total retail sales of New Mexico's furniture and appliance stores declined more than $10 million during 1960, a difference of 17 per cent below the $62 million recorded for 1959. Following a general trend, though of a lesser degree, the sales decline registered by this category at the national level was about 3 per cent below last year's business.

A review of the sales activity of state retail stores in this group discloses a moderate increase of 6 per cent for the 1955-1959 period, with a rather wide range of fluctuations. This is the smallest percentage sales increase of the retail section during that period and would tend to indicate that consumer expenditures on furniture and appliances were more nearly in line with the general tenor of overall business conditions than were other retail expenditures. During periods of general economic uncertainty the tendency seems to be for consumers to defer purchases of major household appliances or furniture items, thereby possibly giving more strength to the services group through needed repairs of existing goods rather than the purchase of new ones.

The decline of housing construction was among the various economic forces adversely affecting furniture and appliance sales during 1960. The direct relationship between such sales and depressed conditions in housing construction is not measurable by any absolute or fixed ratio; however, certain observations can be made on the basis of an informed estimate, and there seems to be little doubt that this was one of the leading factors contributing to the rather sizeable sales decline last year. County totals for 1960 show 20 counties registering a sales decline, one county with no reporting stores in this category, but 11 counties able to achieve sales increases.

45. RETAIL TRADE IN CONSTANT DOLLARS

New Mexico, 1950 & 1955-1960

	Total Retail Sales (in millions)		Consumer Price Index (1955 = 100)	Per Capita Retail Sales		Retail Sales per Retail Employee		Per Capita Income	
	Current Dollars	1955 Dollars		Current Dollars	1955 Dollars	Current Dollars	1955 Dollars	Current Dollars	1955 Dollars
1950	$ 691.1	$ 769.6	89.8	$1,010	$1,125	$24,335	$27,099	$1,163	$1,295
1955	987.6	987.6	100.0	1,255	1,255	30,202	30,202	1,476	1,476
1956	1,118.6	1,102.1	101.5	1,349	1,329	32,997	32,509	1,517	1,495
1957	1,227.C	1,168.6	105.0	1,399	1,332	34,370	32,733	1,634	1,556
1958	1,270.8	1,177.8	107.9	1,393	1,291	33,798	31,323	1,712	1,587
1959	1,402.8	1,289.3	108.8	1,497	1,376	35,158	32,314	1,810	1,664
1960	1,362.0	1,232.6	110.5	1,426	1,290	33,301	30,137	1,781	1,612
Percentage Changes:									
1950 - 1960	+97.1	+60.2	+23.1	+41.2	+14.7	+36.8	+11.2	+53.1	+24.5
1955 - 1960	+37.9	+24.8	+10.5	+13.6	+ 2.8	+10.3	- 0.2	+20.7	+ 9.2
1959 - 1960	- 2.9	- 4.4	+ 1.6	- 4.7	- 6.2	- 5.3	- 6.7	- 1.6	- 3.1

THE "OTHER" GROUP

Because of their number and variety, retail stores in this category constitute the largest portion of the retail section. Specifically, some of the stores in the "other" group category are department and variety stores, drug, liquor, and sporting-goods stores, plus a variety of other special-purpose outlets. Under this broad group system of reporting, stores in this category, as a whole, account for slightly more than 30 per cent of the total sales of all New Mexico retail stores. Because of the number of retail classifications in this category, it is difficult to pinpoint individual increases or decreases that may have occurred within the group; however, as a group, this category had an overall increase of 1 per cent for 1960.

The rate of growth experienced by the "other" category for the 1955-1959 period was a substantial 43 per cent, reflecting a percentage gain slightly better than that shown for the overall retail section during the same period. In terms of dollars, this group reported to the Bureau of Revenue total sales amounting to $439.9 million for 1960, an increase of over $5 million, compared with the $434.5 million sales for 1959. During 1960 the "other" group turned in a mixed performance at the county level, with 18 counties in the State recording increases in total sales, and 14 counties experiencing sales declines.

One segment of this statewide group for which we have separate figures is department stores in Albuquerque. These figures, supplied by the Federal Reserve Bank of Kansas City for their seven-state Tenth District, show an overall district gain of 1 per cent for 1960 over 1959, contrasted with the 3-per cent decline for Albuquerque department stores for this same period.

COUNTY CHANGES

The accompanying map graphically presents percentage changes in annual retail sales on a county-by-county basis. These percentages computed from total county retail sales during 1960, compared with those of 1959, measure the magnitude of increases or decreases occurring within each county. When we consider or compute total statewide results, however, the impact of county fluctuations is diminished or increased proportionately on the basis of their relative economic weight. During 1959, 29 counties had increases, which contributed to New Mexico's overall retail sales increase of 10 per cent. During 1960 only 17 counties had such increases, 13 had sales declines, and two had total sales equal to 1959's.

Some interesting patterns develop when population growth is tested in relation to retail sales on a county basis for the 1955-1959 period. Using state totals, we find that retail sales increased 42 per cent, whereas population increased about 19 per cent. Ten New Mexico counties enjoyed a percentage increase in retail sales ranging from 41 to 143 per cent. Nineteen counties had percentage gains ranging up to 35 per cent. Three counties unfortunately emerged in the minus column with sales declines of 1, 14, and 41 per cent. County population growth percentages for the same period show six counties with a growth of from 21 to 75 per cent, 17 other counties were on the plus side, ranging from 1 to 15 per cent in increases; three counties were in the no-gain, no-loss class; and six others had population declines from 1 to 11 per cent.

OVERALL RETAIL PICTURE

Table 45 reflects some overall changes that have occurred in retail trade since 1955 and overall comparisons with 1950. The comparisons are made on the basis both of current dollars (i.e., dollars of decreasing purchasing power) and of constant 1955 dollars, that is, dollars having the same purchasing power as they had in 1955. Probably the comparisons on the basis of constant 1955 dollars are the most significant for they show that:

46. INDEXES OF RETAIL FOOD PRICES

Albuquerque, N. M., 1955, 1959, & 1960

	1955	1959	1960	Per Cent Change 1955 - 1960
ALL FOODS	103.9	111.2	111.6	+ 7.4
Meats, Poultry, & Fish	94.5	101.4	100.9	+ 6.8
Fruits & Vegetables	107.6	119.8	122.3	+13.7
Cereals & Bakery Products	116.0	123.4	120.7	+ 4.1
Dairy Products	107.3	116.6	118.5	+10.4
Other Foods	108.9	111.8	113.1	+ 3.9

Source: U.N.M. Bureau of Business Research

1. Total physical volume (i.e., in terms of constant dollars) of retail trade was 25 per cent higher in 1960 than in 1955, which makes 1960 the second-best year from the point of view of dollar volume of goods moved.

2. The increase in physical volume appears to have been almost entirely attributable to the increase in population.

3. The increase in per capita income in terms of constant dollars has not been matched by the increase in physical volume of retail sales.

4. In both 1958 and 1960, consumers were being quite conscious about their expenditures, spending significantly less per capita than in more prosperous years.

5. Sales per retail employee on the basis of constant dollars reached their peak in 1957 and were at their lowest during the five-year period in 1960. The low level in 1960 probably reflects the increase in the number of firms (and in the number of employees), established in anticipation of a 1960 gain in trade that did not materialize.

Wholesalers

Despite some softening in the general economy and some sluggishness in certain areas of the trade section, New Mexico's wholesale and jobbing group, as a whole, apparently came through the year unscathed insofar as total sales were concerned. During 1960 this group reported to the Bureau of Revenue sales totaling $513.2 million, an increase of 7 per cent over the $479.6 million recorded for 1959. Although the gain for 1960 was not so large as the 13-per cent increase attained the previous year, it was the largest percentage expansion recorded in 1960 for the entire trade section. Inasmuch as this category covers a large group of wholesale classifications, there was no doubt a rather wide range of sales fluctuations within the group, with some individual types possibly experiencing declines for the year. Collectively, however, they were able to maintain an uninterrupted pattern of consecutive yearly increases. Reference to Table 44 shows this group to have expanded its sales 52 per cent during the 1955-1959 period.

47. ACTIVITY IN WHOLESALE TRADE

New Mexico, 1959 & 1960

	SALES (000s)		EMPLOYMENT	
	1959	1960	1959	1960
January	$ 21,466.1	$ 43,227.6	8,500	8,800
February	37,362.3	39,489.9	8,500	8,800
March	38,704.5	31,867.3	8,500	8,800
April	41,604.2	47,261.5	8,700	9,000
May	44,008.7	41,909.2	8,800	8,900
June	45,995.0	45,982.4	8,900	9,000
July	45,152.7	41,714.6	9,100	9,000
August	41,275.5	42,727.8	9,300	9,100
September	45,091.8	45,128.3	9,300	9,200
October	42,326.0	38,655.9	9,200	9,100
November	40,761.7	54,577.1	9,000	9,100
December	35,898.3	40,610.2	9,000	9,000
TOTAL	$479,646.8	$513,151.8	--	--
Monthly Average	39,970.6	42,762.6	8,900	9,000

Sources: N. M. Bureau of Revenue and N. M. Employment Security Commission

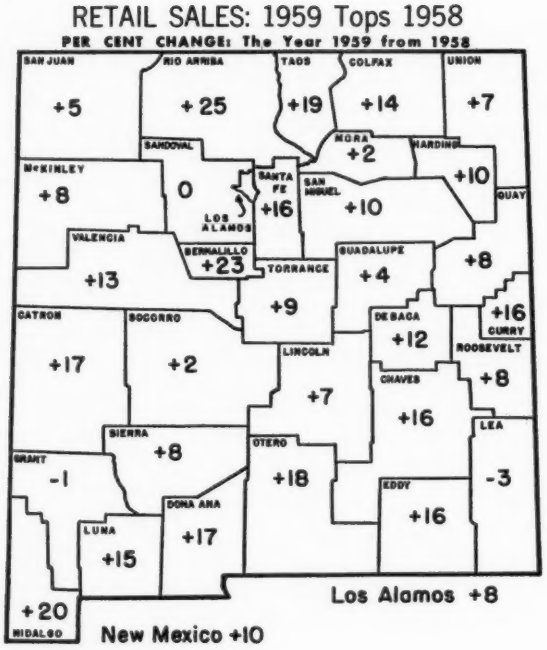
A review of the reports indicates that some form of wholesaling activity was conducted in

48. SALES AND EMPLOYMENT IN SERVICES AND AMUSEMENTS

New Mexico, 1959 & 1960

		Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec	TOTAL	Monthly Average
Sales (000s)															
Amusement	1959	$ 2,668	1,283	1,333	1,532	1,302	1,622	1,756	2,827	1,806	1,396	1,309	1,481	20,315	1,693
	1960	$ 1,661	1,543	1,466	2,371	1,759	1,774	1,873	1,941	2,884	1,434	1,282	1,419	21,407	1,784
Business, Personal & Professional Services	1959	$13,576	14,461	13,710	14,710	15,002	17,082	14,076	13,791	13,150	15,579	13,711	12,900	171,748	14,312
	1960	$14,554	13,165	13,901	16,608	14,729	13,825	16,079	13,817	14,571	13,407	14,374	14,632	173,662	14,472
Employment in Services & Amusements	1959	$33,900	34,300	34,600	35,200	36,000	37,200	37,100	37,300	37,200	37,300	36,900	36,500	--	36,100
	1960	$35,700	36,000	36,200	36,900	37,800	39,000	38,500	38,000	38,300	38,000	37,900	37,300	--	37,500

Sources: N. M. Bureau of Revenue and N. M. Employment Security Commission



each of New Mexico's 32 counties. It is also significant that during 1960 15 counties reported doing less wholesale business than the year before, compared with only two counties experiencing such declines in 1959.

Amusements and Services

New Mexicans tempered their expenditures for recreation and amusement to a percentage slightly below the 9-per cent gain recorded for 1959, with sales rising 5 per cent during 1960. The $21.4 million reported by the amusement sector (bowling alleys, swimming pools, movies, race tracks, etc.) tops the $20.3-million 1959 volume comfortably, thus establishing an all-time high for the State's amusement purveyors. The 1955-1959 growth rate for this segment was a healthy 33 per cent, with a mild surge occurring in 1958 and continuing through 1960.

The Year 1959

Sales Activity in New Mexico Counties

(add 000s)	Retail Stores							Others		
County	Apparel	Automotive	Subsistence	Furniture & Appliances	Building Materials	Other	Total	Amusement Places	Service Firms	Wholesale Sales
Bernalillo	$18,286	$127,208	$ 94,836	$24,264	$ 71,161	$118,009	$ 453,764	$ 5,423	$ 65,380	$210,956
Catron	16	684	495	23	71	643	1,932	22	23	1,333
Chaves	2,661	23,095	18,772	2,714	11,490	22,056	80,788	1,760	10,063	33,848
Colfax	579	6,019	4,955	359	1,449	5,102	18,463	251	1,654	3,751
Curry	2,080	11,490	9,868	2,330	4,183	13,420	43,371	648	6,541	11,504
De Baca	46	948	951	61	514	1,228	3,748	4	240	334
Dona Ana	1,664	19,800	15,787	2,613	6,899	13,794	60,557	935	7,100	13,330
Eddy	2,605	19,509	18,905	2,781	5,208	23,614	72,622	2,365	8,753	17,214
Grant	552	4,660	5,357	944	1,087	4,861	17,461	280	2,003	4,435
Guadalupe	20	3,722	2,703	101	399	1,491	8,436	13	185	1,382
Harding	--	899	95	--	73	860	1,927	13	35	275
Hidalgo	124	3,511	2,056	86	684	1,932	8,393	86	302	2,384
Lea	2,624	28,801	21,306	3,820	5,102	48,475	110,128	1,335	10,003	22,307
Lincoln	129	2,295	2,941	149	1,341	2,787	9,642	272	722	492
Los Alamos	354	1,951	4,505	134	134	2,097	9,175	320	1,293	899
Luna	323	5,449	4,282	917	1,056	3,219	15,246	186	1,316	4,301
McKinley	1,320	14,413	11,415	1,527	2,644	11,652	42,971	529	3,204	15,913
Mora	50	517	280	134	2	704	1,687	23	85	361
Otero	1,347	12,129	13,251	1,938	4,988	9,045	42,698	677	7,693	4,168
Quay	413	7,692	5,297	436	1,652	3,726	19,216	252	1,433	7,700
Rio Arriba	346	6,625	4,106	582	1,259	4,883	17,801	233	827	3,007
Roosevelt	647	5,267	4,203	1,188	2,731	3,766	17,802	284	2,065	3,405
Sandoval	113	967	951	20	90	1,770	3,911	3	157	321
San Juan	2,357	26,371	17,327	5,251	9,177	38,415	98,898	1,046	8,496	21,607
San Miguel	339	4,495	4,951	580	1,164	5,168	16,697	266	1,678	6,035
Santa Fe	3,440	18,331	17,414	2,536	5,403	17,676	64,800	717	9,662	18,370
Sierra	187	2,387	2,648	216	402	1,760	7,600	182	908	930
Socorro	123	3,151	2,440	213	542	1,860	8,329	56	600	1,588
Taos	198	3,017	3,823	1,203	272	3,035	11,548	150	1,332	946
Torrance	20	3,527	1,325	178	291	1,854	7,195	4	219	575
Union	227	2,321	1,902	116	625	1,689	6,880	110	599	566
Valencia	948	15,341	10,540	1,284	3,112	10,861	42,086	1,167	2,895	3,531
Unallocated	1,587	10,364	5,396	2,995	3,704	53,027	77,073	705	14,302	61,880
Total	$45,725	$396,956	$315,083	$61,693	$148,909	$434,479	$1,402,845	$20,317	$171,748	$479,648

Source: N. M. Bureau of Revenue

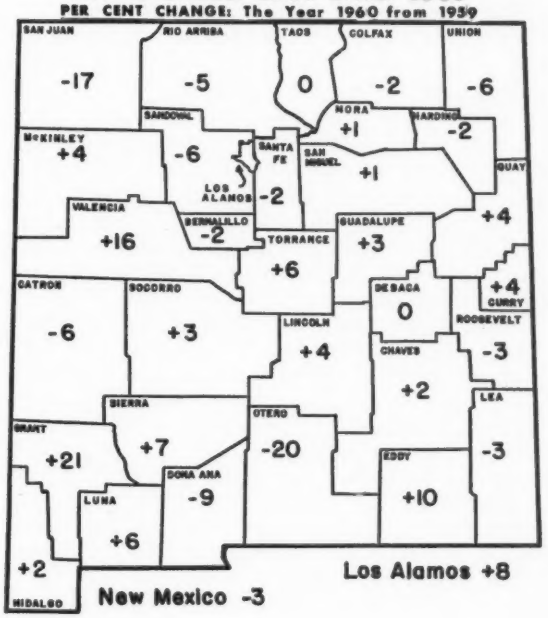
Even though total results for the amusement sector reflect a favorable increase for 1960, the picture changes somewhat at the county level. Two counties reported sales equal to 1959 volume, one county showed no amusement sales for the year, and 17 counties experienced declines. Twelve counties, however, reported increases over their 1959 volume sufficient to provide our overall gain for the year.

The modest 1-per cent increase in total sales was sufficient to place New Mexico service establishments (professional, personal, and business services) among the ranks of those trade categories attaining all-time highs during 1960. The $173.7 million in sales reported for this sector was $2 million higher than the volume recorded for 1959. This service-group category has the largest percentage growth rate of the entire trade section, with a 72-per cent gain for the 1955-1959 period. On a county basis, 23 counties contributed to the overall sales increase during 1960, while nine reported sales declines, compared with their 1959 totals.

H. W. C.

RETAIL SALES: 1960 Under 1959

PER CENT CHANGE: The Year 1960 from 1959



Sales Activity in New Mexico Counties

The Year 1960

(add 000s)	Retail Stores							Others		
County	Apparel	Automotive	Subsistence	Furniture & Appliances	Building Materials	Other	Total	Amusement Places	Service Firms	Wholesale Sales
Bernalillo	$18,723	$111,598	$103,079	$21,737	$ 55,089	$135,038	$ 445,264	$ 7,771	$ 67,695	$235,964
Catron	--	619	481	35	111	560	1,806	12	16	202
Chaves	2,861	23,696	20,898	2,733	10,186	22,188	82,562	1,885	10,756	42,351
Colfax	590	5,370	4,967	341	1,423	5,367	18,058	340	1,717	2,703
Curry	2,122	12,221	10,216	2,088	3,663	14,722	45,032	936	6,346	12,023
De Baca	19	890	960	50	736	1,107	3,762	3	213	300
Dona Ana	1,777	17,156	15,788	2,640	4,714	12,844	54,919	872	8,016	11,521
Eddy	2,405	20,545	19,844	2,954	5,766	28,257	79,771	984	8,921	17,605
Grant	374	6,102	6,073	1,034	1,155	6,416	21,154	250	2,178	5,464
Guadalupe	5	3,947	2,887	106	257	1,494	8,696	157	188	1,299
Harding	--	614	67	--	48	1,155	1,884	13	47	844
Hidalgo	131	3,575	1,939	57	956	1,895	8,553	64	398	2,815
Lea	2,690	27,064	21,933	3,224	5,651	46,115	106,677	1,269	11,663	23,740
Lincoln	113	2,090	3,461	119	1,113	3,151	10,047	255	873	661
Los Alamos	318	2,314	4,860	123	231	2,080	9,926	301	1,768	1,462
Luna	366	6,460	4,053	865	919	3,564	16,227	222	1,422	4,083
McKinley	952	13,647	11,881	970	2,667	14,507	44,624	821	2,946	15,463
Mora	15	659	373	1	15	642	1,705	21	47	265
Otero	1,045	9,089	11,498	1,407	2,498	8,523	34,060	566	4,103	3,934
Quay	530	8,228	5,832	343	1,394	3,688	20,015	280	1,668	7,020
Rio Arriba	220	5,469	4,680	560	1,238	4,740	16,907	82	949	2,521
Roosevelt	673	5,210	4,334	1,373	1,835	3,862	17,287	255	2,385	4,254
Sandoval	15	1,105	792	9	125	1,642	3,688	--	163	448
San Juan	1,508	22,044	15,120	1,577	6,621	35,644	82,514	1,166	8,678	17,698
San Miguel	308	4,383	5,228	321	1,104	5,594	16,938	370	1,492	5,960
Santa Fe	3,182	16,392	18,177	2,996	6,047	17,050	63,844	682	10,431	20,677
Sierra	31	2,726	2,754	175	399	2,037	8,122	172	800	721
Socorro	103	3,084	2,752	215	466	1,949	8,569	60	729	3,900
Taos	222	3,391	4,044	738	445	2,690	11,530	154	858	1,313
Torrance	18	3,759	1,232	211	333	2,111	7,664	4	234	561
Union	119	2,157	1,670	132	637	1,717	6,432	81	645	662
Valencia	1,005	15,791	12,259	1,226	3,916	14,416	48,613	609	3,132	4,324
Unallocated	753	7,544	4,483	1,069	8,147	33,168	55,164	750	12,205	60,394
Total	$43,193	$368,939	$328,615	$51,429	$129,905	$439,933	$1,362,014	$21,407	$173,662	$513,152

Source: N. M. Bureau of Revenue

Finance

Banks

Banking facilities for New Mexicans were expanded during 1960 with the establishment of two new national banks and one new state bank, which brought the total to 29 national and 26 state banks. Further, the previously established banks opened seven new branches during the year, to bring the total number of branches to 56.

In addition to the new facilities, the following changes highlighted the banking picture in 1960: year-end condition reports of the 55 commercial banks show that during the year there was a 23-per cent increase in total capital, a 3.5-per cent gain in total assets, a jump of over 12 per cent in loans and discounts, declines of 2.5 per cent in cash items and nearly 4 per cent in governments held, a 2.7-per cent increase in total deposits, a 5-per cent decrease in demand deposits, a 10-per cent gain in time deposits, and a gain of nearly 12 per cent in the deposits of the State and its political subdivisions.

CAPITALIZATION

Total capital of New Mexico's commercial banks increased by more than $10 million, a gain substantially greater than the $3.25 million added in 1959. Overall, the growth in 1960 was just slightly more than 23 per cent, up from the 8 per cent of the previous year. National banks had an increase of over 28 per cent, and state-chartered banks recorded a gain of more than 12 per cent. A portion of these gains must be attributed to the new banks starting up in 1960. Nationwide, commercial banks experienced a growth in capital of about 8 per cent last year, compared with 6.5 per cent in 1959.

ASSETS

Total assets of New Mexico banks stood at $776 million at the end of 1960, up nearly $27 million during the year for a 3.5 per-cent gain. During 1959 the gain had been 5 per cent, and for 1958 the increase had been 11 per cent. National banks gained 4 per cent; and state banks, 2.5 per cent. The overall growth was not uniform for the various forms of assets. Cash items were down 2.5 per cent statewide, but state banks showed a slight increase of just over 1 per cent, while national-bank cash items declined 4 per cent. State-bank holdings of U.S. governments were off nearly 7 per cent; national-bank holdings fell 2.5 per cent, to give an average drop for all New Mexico banks of just under 4 per cent. National-bank holdings of other governments declined slightly, but assets of this type held by state banks increased more than 17 per cent. Loans and discounts, the major source of bank earnings and the largest asset item, increased 12.6 per cent in 1960, with the national-bank gain again exceeding that of the state banks by 14.6 to 8.6 per cent. For 1959 the increase in loans and discounts had been only 4 per cent. Nationally, loans and discounts rose 6.6 per cent last year, U.S. governments held increased 4 per cent, and total assets went up 3.4 per cent.

Some shifts in earning assets accompanied the declining proportion of cash assets. Although holdings of U.S. governments declined from 31.4 to 29.2 per cent of total assets during 1960, the amounts on loan rose from 38 to over 41 per cent of total assets. Other governments held were

49. FINANCIAL ACTIVITY IN NEW MEXICO
(Banking Data Based on Figures from 36 Reporting Banks)
1959 & 1960

		Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec	TOTAL	Monthly Average
Bank Debits	1959	495.7	430.1	491.9	503.4	494.4	511.3	510.3	479.5	506.4	520.6	508.3	520.2	5,972.1	497.7
(millions of dollars)	1960	494.3	480.4	501.1	484.7	488.4	509.5	477.4	523.2	489.1	489.1	514.3	505.0	5,956.5	496.4
Bank Loans & Discounts	1959	51.6	45.9	54.0	50.7	51.9	51.3	50.8	52.1	47.2	45.9	51.4	56.4	609.2	50.8
Made (millions of dollars)	1960	48.2	47.5	49.2	49.9	50.7	46.0	45.0	51.5	45.8	44.9	48.9	59.4	587.0	48.9
Demand Deposits	1959	352.2	337.8	338.7	338.4	333.1	337.5	342.8	351.1	336.4	345.8	359.4	360.5	(*)	344.5
(millions of dollars)	1960	344.5	338.2	337.2	329.9	331.2	329.4	329.7	328.4	331.0	341.4	343.0	352.5	(*)	336.4
Time Deposits	1959	117.9	118.3	118.1	117.6	119.4	119.9	120.1	122.8	124.1	125.5	128.9	129.5	(*)	121.8
(millions of dollars)	1960	127.9	129.6	132.2	131.7	134.4	137.1	135.6	138.2	141.5	144.3	146.5	148.4	(*)	137.3
Life Insurance Sales	1959	19.0	19.9	22.0	24.2	23.2	26.7	24.7	20.8	22.9	23.7	22.6	31.4	281.1	23.4
(millions of dollars)	1960	18.4	20.5	22.8	24.3	22.7	26.0	22.3	25.0	23.8	22.5	24.2	26.5	279.0	23.2
Employment in Finance	1959	8,700	8,800	9,000	9,300	9,300	9,400	9,500	9,600	9,500	9,500	9,600	9,600	--	9,300
	1960	9,300	9,400	9,400	9,500	9,500	9,600	9,700	9,600	9,500	9,400	9,300	9,400	--	9,500

*Totals are not possible to estimate since monthly figures are not necessarily cumulative.

Sources: Bureau of Business Research, UNM, based on reports of 35 of the 55 banks in the State, Life Insurance Agency Management Association, and N.M. Employment Security Commission

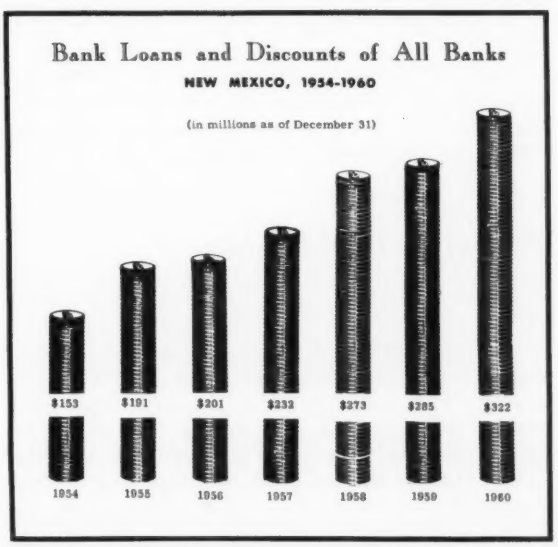
nearly 5 per cent of total assets at the start and at the close of 1960.

LIABILITIES

During 1960, total deposits (exclusive of interbank and U. S. government deposits) of all commercial banks in the country increased about 1. 3 per cent, with demand deposits dropping more than 1. 9 per cent and time deposits going up 7. 7 per cent. For the previous year, demand deposits had been unchanged and time deposits had risen 3. 3 per cent.

New Mexico's commercial banks had an increase in their total deposits of 2. 7 per cent in 1960. Demand deposits declined about 5 per cent, but time deposits were up 10 per cent. The percentage changes were similar for state and for national banks. In the previous year, demand deposits of New Mexicans had risen 3 per cent, and their time deposits had increased 10 per cent. Perhaps here is another indication of the prevalent business situation--individuals and businesses buying less, businesses selling less, and both saving more. The 1960 changes in demand and time deposits, both for the nation and for the State, seem to bear out this observation.

Further evidence might be noted in the ratio of time to total deposits. This percentage increased from 20. 8 per cent at the close of 1959 to 22. 3 per cent a year later. For state banks, this ratio was higher than for the national banks--22. 3 to 20. 2 per cent at the end of 1959 and 24. 0 to 21. 6 per cent at the close of 1960.



The largest percentage gain in liabilities in 1960 was in the deposits of governments other than the U. S. government, with an increase of nearly 12 per cent for all New Mexico banks. Almost all of this gain was recorded by the national banks--one of 16. 4 per cent. The state banks had a small increase, 2. 3 per cent, for this item.

The State's banks showed some slight drop in liquidity during the year, as cash items declined from 23. 0 to 21. 7 per cent of total assets. When this change is coupled with the reduced holdings of U. S. governments and the higher volume of loans and discounts, a paradox seems to result. However, a change in regulations which permitted banks to count vault cash as part of their legal reserves is a probable explanation of this unusual set of changes.

The substantial increases in the capital position of our banks during 1960 show up as indications of further strengthening of the banking structure. The ratio of capital to total assets for New Mexico commercial banks continued its recent year-to-year increases, going from 5. 88 per cent at the beginning of 1960 to 7 per cent at the end of the year. For all commercial banks in the United States, the ratio rose from 8. 1 to 8. 4 per cent.

Capital as a percentage of deposits rose to over 7. 6 per cent for all New Mexico banks, a substantial gain from the 6. 4 per cent at the close of 1959. As 1960 ended, New Mexico banks had nearly 17 cents of capital for every dollar loaned. A year earlier the figure had been 15. 5 cents. This increase was effected in spite of a growth of more than one eighth in the amount of loans and discounts outstanding at the end of 1960. Nationally, this ratio rose from 17. 6 to 17. 9 cents during 1960.

Data from the 35 commercial banks in the State reporting to us monthly indicate that bank debits declined by a very small margin in 1960. In only four months were bank-debit volumes greater than in the corresponding months of 1959. Since this series is widely accepted as an indicator of general business activity, last year's decline is another bit of evidence that the pace of economic activity in the State has slackened. Of special note is the fact that during each of the preceding postwar recessions in the United States bank debits of all national banks--and our reporting banks as well--continued their year-to-year increases. But last year bank debits in the nation rose some 6 per cent, while those of our reporting banks fell by less than one-half per cent.

Total time and demand deposits at the close of 1960 for the reporting banks were up about 2 per cent over the 1959 year-end figures. Reported demand deposits declined by more than 2 per cent. At the close of only one month in 1960 were demand deposits greater than at the close of the corresponding 1959 month. The picture was

50. RESOURCES AND LOANS OF COMMERCIAL BANKS AND SAVINGS & LOAN ASSOCIATIONS

New Mexico, 1953-1960

	SAVINGS & LOAN ASSOCIATIONS				COMMERCIAL BANKS			
	Resources (000s)	Per Cent Change	Loans (000s)	Per Cent Change	Resources (000s)	Per Cent Change	Loans (000s)	Per Cent Change
1953	$ 58,160	--	$ 48,748	--	$491,470	--	$144,870	--
1954	72,465	+24.6	59,804	+22.7	519,752	+ 5.8	154,600	+ 6.7
1955	88,328	+21.9	76,383	+27.7	559,654	+ 7.7	191,152	+23.6
1956	102,618	+16.2	86,762	+13.6	609,621	+ 8.9	201,114	+ 5.2
1957	114,510	+11.6	96,248	+10.9	637,218	+ 4.5	232,865	+15.8
1958	132,769	+15.9	109,794	+14.1	714,331	+12.1	273,427	+17.4
1959	154,313	+16.2	128,694	+17.2	749,698	+ 5.0	284,759	+ 4.1
1960	178,145*	+15.4	146,664*	+14.0	776,496	+ 3.6	321,464	+12.9

*Preliminary estimates

Sources: Bank data and 1953-59 data on Savings and Loan Associations--N. M. State Bank Examiner; 1960 data on Savings and Loan Associations--Bureau of Business Research, UNM

virtually reversed for time deposits. At the end of each month in 1960 such deposits exceeded those at the end of the corresponding month in 1959 by a relatively comfortable margin. For the year, the average gain was nearly $16 million, an increase of more than 12 per cent. At the year's end the 1960 time deposits were $19 million above the total for the year before at that time, a gain of nearly 15 per cent.

Last year, loans and discounts of our reporting banks were down about 3.6 per cent from the preceding year. Only two months of 1960 saw greater amounts than for the same months of 1959.

Savings and Loan Associations

In spite of an easing of activity in residential construction, New Mexico's savings and loan associations continued their recent rapid growth during 1960. Total resources rose 15 per cent, going over $178 million. The rate of asset growth was especially rapid for the state-chartered, capital-stock savings and loan associations. The increase in total resources in 1960 was nearly 300 per cent.

First-mortgage loans outstanding at the end of 1960 stood at more than $146 million and accounted for about four fifths of total resources. This relative position was unchanged from that of the preceding year. The volume of loans rose 14 per cent during 1960.

There were slight shifts in two other types of resources last year. Holdings of U.S. governments, although up in dollars, declined as a percentage of total resources from just over 6 per cent at the end of 1959 to about 5.5 per cent a year later. Countering this slight change was an increase in cash items from about 7.7 to 9.1 per cent during the year.

Business Failures

A record number of New Mexico businesses failed in 1960 according to Dun and Bradstreet. Of perhaps more significance is the fact that the liabilities of those firms failing in 1960 also reached a high, exceeding such liabilities of the previous year by more than 60 per cent and those of the previous record year of 1957 by nearly 5 per cent. The number of failures was spread rather evenly over the four quarters of 1960, but over half the liabilities were accounted for by failures in the third quarter. In 1959, two thirds of the liabilities were attributed to failures in the first quarter. In 1959, no failures were reported for six months of the year, five of which were in the last half. Last year, September was the only month with no failures reported.

Since the number and the liabilities of business failures are quite erratic as a statistical series, caution must be exercised in their use. However, it is generally accepted that an increase in the liabilities is often associated with excessive extension and use of credit. Business failures may be attributed to many causes, including changing markets, stronger competition, poor management, and technological changes.

Property Evaluations

The final value placed on New Mexico property assessments rose from $1.01 billion in 1959 to over $1.07 billion for 1960, a gain of 6 per cent. (These data are not comparable with those reported for previous years because the assessed value placed on oil and gas produced is now excluded.)

Since 1950, assessed values have increased more than 95 per cent. The 10-year changes have been uneven. Colfax county shows a 6-per cent decline, and four counties had increases of less than 15 per cent. At the other end of the scale, San Juan county had an increase of more than 600 per cent; Los Alamos was up over 350 per cent; and McKinley, Otero, and Valencia counties more than tripled valuations during the last decade. In all, nine counties had rates of increase greater than the statewide average. These nine counties account for more than half of the State's total assessed value.

Grant, Socorro, and Valencia counties had declines in assessed value from 1959 to 1960. Los Alamos registered the largest percentage gain, more than 150 per cent, over the previous year. Nearly all of this increment was due to higher values reported for personal property.

By class of property, the following changes from 1959 to 1960 are noted: net local valuation, up about 7.5 per cent; total corporate valuations by the State Tax Commission, up 5.5 per cent. Among the corporate values, leading gainers over 1959 were telephone and telegraph companies (up 14 per cent) and pipelines (up 8.5 per cent). Only one class of corporate property, nonproducing mines, showed a decline in assessed value.

51. TOTAL ASSESSED VALUATION BY COUNTIES
New Mexico, 1950 & 1960
(in millions)

	1950	1960	Per Cent Change
Bernalillo	$ 71.3	$ 189.0	+165.1
Catron	3.9	5.0	+ 28.2
Chaves	30.0	55.4	+ 84.7
Colfax	21.8	20.5	- 6.0
Curry	23.7	34.7	+ 46.4
De Baca	7.0	7.7	+ 10.0
Dona Ana	34.5	73.6	+113.3
Eddy	54.7	101.4	+ 85.4
Grant	30.2	38.3	+ 26.8
Guadalupe	8.6	9.7	+ 12.8
Harding	3.7	4.2	+ 13.5
Hidalgo	9.4	12.4	+ 31.9
Lea	35.8	87.9	+145.5
Lincoln	11.5	17.3	+ 50.4
Los Alamos	1.8	8.2	+355.6
Luna	16.0	25.9	+ 61.9
McKinley	13.6	48.1	+253.7
Mora	4.5	5.9	+ 31.1
Otero	10.3	33.2	+222.3
Quay	15.3	20.9	+ 36.6
Rio Arriba	6.7	19.6	+192.5
Roosevelt	13.7	17.9	+ 30.7
Sandoval	4.8	7.7	+ 60.4
San Juan	8.0	58.0	+625.0
San Miguel	17.1	19.9	+ 16.4
Santa Fe	26.8	41.5	+ 54.9
Sierra	8.8	10.6	+ 20.5
Socorro	9.5	12.4	+ 30.5
Taos	6.4	9.4	+ 46.9
Torrance	10.1	12.2	+ 20.8
Union	11.0	11.7	+ 6.4
Valencia	17.5	53.5	+205.7
NEW MEXICO	$548.0	$1,073.7	+ 95.9

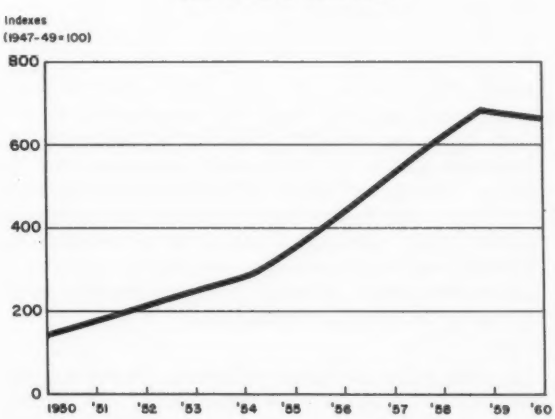
Source: N. M. State Tax Commission

Purchases of U. S. Bonds

Purchases of Series "E" and "H" U.S. Savings Bonds by New Mexico residents amounted to $13.7 million in 1960, up nearly $100,000 over 1959. For the State, the increase was less than 1 per cent; nationally, the increase was over 1.5 per cent. Last year saw the year-to-year decline since 1957 halted, although by no healthy margin. Thanks to a lower 1960 quota, purchases attained nearly 93 per cent of quota--up from 91 per cent the previous year.

Half of the State's counties met or exceeded their 1960 goals by margins ranging up to 46 per cent. Four counties failed to meet as much as two thirds of their quotas. The counties with the best bond-sales records were Sierra, Mora, and Colfax. In terms of sales volume the leaders were Bernalillo, Grant, and Dona Ana. In 1960, 16 counties had sales greater than in 1959; the other 16 had smaller sales.

Indexes of Life Insurance Sales
New Mexico, 1950-1960



Life Insurance

Ordinary life insurance sold in New Mexico in 1960 totaled $279 million, a couple of million below the high of 1959. For the nation, sales last

year were very slightly above those of 1959 and were triple those of 1950. New Mexico's 1960 sales were more than four times those of 1950. This series had grown at a relatively stable rate prior to 1960.

52. SOURCES OF STATE TAX COLLECTIONS
New Mexico, 1959 & 1960
(in millions)

	1959	1960*	Per Cent Change
Sales & Gross Receipts	$ 74.6	$ 75.1	+ 0.7
Licenses	15.6	15.6	0.0
Severance Taxes	8.9	16.5	+85.4
Property Taxes	7.1	8.2	+15.5
Individual Income Taxes	6.8	7.1	+ 4.4
Death & Gifts	0.4	0.7	+75.0
TOTAL	$113.4	$123.2	+ 8.6

*Preliminary
Source: U. S. Bureau of the Census

Tax Collections

According to information from the U.S. Bureau of the Census, state taxes collected by New Mexico are estimated to have totaled more than $123 million in 1960--an increase of almost 9 per cent over 1959. Sales- and gross-receipts levies provided nearly two thirds of the total collections.

A comparison of last year's estimated collections with those of the preceding year reveals the outstanding change of 1960--a reported jump of about 85 per cent in severance-tax collections. From 1958 to 1959 no change was reported for these taxes.

R. B. G.

A Note On Tables

(Continued from Page 2)

which they relate, the area with which they are concerned, and how they are arranged or classified, examine carefully the title of the table, the captions (titles of individual columns), and the stubs (words or titles in the extreme left-hand columns which describe figures on individual lines). Pay particular attention to whether the figures express numbers, quantities, values, or index numbers; whether they represent single units or thousands or millions.

2. Read the footnotes carefully. They explain deviations, special characteristics, or shortcomings of the data. They also refer to data sources, so important in considering reliability and usefulness.

3. Take the figures with a grain of salt. We never knowingly use dishonest or slanted figures. But it should be understood that figures can never be more than relatively accurate. Those resulting from complete enumerations are frequently not entirely accurate because of human error or lapse of time between the beginning and the end of counting. Figures which are estimates can never be precise because the humans who make them are not omniscient. These relatively minor inaccuracies do not destroy the validity or usefulness of data, but they do mean that you should not depend on their accuracy to the last digit or decimal place. This is the reason why estimates are usually rounded.

4. A number of figures published in this issue do not agree with those published in previous issues or in other sources. Ordinarily, this lack of agreement means that such figures have been revised on the bases of more complete, new information, which was not available at the time the data were originally published. Generally, such revisions do not greatly affect the data, and they are made primarily to bring data into better conformity with all known facts.

INDEXES OF BUSINESS ACTIVITY IN NEW MEXICO

1948-1960
(1947-49 = 100)

	1948	1949	1950	1951	1952	1953	1954	1955	1956	1957	1958	1959	1960
Index of Business Activity	102.5	109.2	120.5	129.4	161.0	167.2	166.0	183.6	205.2	233.9	262.6	286.8	278.8
Sales of Retail Stores	102.2	106.7	117.1	127.3	137.4	144.7	142.4	167.3	189.5	207.9	215.3	237.6	230.7
Apparel Stores	110.3	104.1	103.9	115.0	117.7	127.9	126.9	134.7	147.0	159.6	156.9	192.4	181.7
Automotive Dealers	98.9	110.3	119.4	128.1	127.0	139.2	132.8	168.7	190.4	198.3	209.0	247.5	230.1
Subsistence Stores	99.9	109.2	114.8	129.5	140.9	151.9	154.1	167.0	179.6	195.3	205.7	227.7	237.5
Furniture & Appliances	105.2	104.4	132.9	138.3	117.5	126.5	131.1	191.1	225.0	166.0	158.7	202.1	168.5
Building Materials Dealers	109.9	99.3	123.4	118.5	122.6	126.5	123.9	148.8	158.8	171.3	206.4	254.7	222.2
Other Retail Stores	102.9	104.4	113.6	127.5	136.6	155.5	152.5	172.7	206.3	252.6	253.2	247.4	250.5
Amusement Sales	97.2	112.4	99.5	115.7	130.9	134.8	132.4	142.8	140.8	148.1	173.6	190.0	200.2
Service Sales	101.1	107.6	116.7	129.3	159.1	190.3	193.4	215.6	246.5	287.8	313.8	370.2	374.3
Contractors' Sales	104.8	126.2	127.1	181.1	237.5	287.9	257.8	281.7	326.5	404.0	448.5	486.5	485.9
Wholesale Sales	93.7	112.8	127.6	136.8	136.0	120.2	120.6	129.8	137.2	157.1	174.7	197.9	211.7
Public Utilities' & Carriers' Sales	101.8	108.4	103.1	123.3	167.9	189.7	166.0	164.1	192.4	267.9	299.7	374.2	369.3
Life Insurance Sales	95.4	105.8	159.2	172.9	222.0	247.5	271.1	360.7	421.3	539.9	604.6	668.1	662.9
Bank Debits, 36 banks	103.2	107.3	130.7	152.0	161.5	173.4	179.5	203.5	218.5	236.7	269.3	311.8	310.4
Bank Loans & Discounts, 36 banks	100.0	97.7	111.4	129.0	127.9	142.8	149.0	174.7	188.5	211.8	253.0	298.0	289.6
Demand Deposits, 36 banks	99.9	106.2	115.1	124.9	136.5	141.6	146.3	156.2	158.0	158.8	170.8	185.6	180.6
Time Deposits, 36 banks	98.5	99.8	109.2	117.0	141.7	168.0	185.7	218.9	242.5	267.6	301.4	343.3	387.5
Business Failure Liabilities	138.6	82.0	67.0	149.6	99.5	241.6	219.1	488.0	248.4	622.3	174.5	351.0	649.0
Wage Employment	60.6	106.2	114.3	121.5	129.2	135.3	132.2	137.9	149.1	158.6	166.5	176.1	178.7
in Mining	105.3	97.9	97.9	114.3	135.7	139.8	123.4	139.8	157.9	169.4	157.1	158.7	168.6
in Contract Construction	99.1	117.3	130.0	125.3	110.2	113.4	109.4	116.5	123.7	140.3	164.9	174.4	150.6
in Manufacturing	102.6	103.8	117.8	123.6	125.9	125.9	124.8	142.3	164.4	169.1	181.9	195.9	190.1
in Transportation & Utilities	99.4	98.2	103.8	111.3	119.5	126.3	117.0	118.2	125.7	128.2	124.5	127.6	127.6
in Trade	101.5	105.7	115.6	122.9	130.8	138.3	133.2	136.6	142.5	151.4	158.3	167.9	171.7
in Finance, Ins., & Real Estate	102.7	118.7	154.0	163.6	179.7	192.5	195.7	211.7	218.2	237.4	269.5	298.4	304.8
in Services & Miscellaneous	102.7	105.4	113.7	119.7	128.9	134.0	131.2	126.2	133.5	141.8	152.4	166.2	172.7
in Government	99.6	109.9	113.9	123.1	134.3	142.2	149.3	157.8	175.5	186.4	196.9	206.8	217.7
Insured Unemployment	71.1	156.2	148.2	75.6	86.4	125.1	217.4	145.3	109.3	131.6	187.4	147.3	227.7
Building Permits, total 18 cities	103.9	123.4	192.9	135.6	162.1	192.0	199.4	231.0	206.1	238.7	366.3	357.2	260.6
Residential	98.4	131.3	203.8	122.5	187.8	166.9	198.8	228.7	182.8	223.7	391.3	356.6	222.8
Nonresidential	119.3	128.8	195.8	178.1	160.7	277.1	237.8	277.8	254.0	270.9	383.6	384.4	326.3
Other	97.6	100.5	128.6	106.8	94.0	144.5	125.8	147.9	223.9	247.3	208.6	305.7	314.0
Petroleum Production	105.4	104.7	104.1	115.8	129.9	154.6	163.7	178.6	191.7	204.0	212.5	225.6	228.8
Natural Gas Production	110.1	111.3	112.8	164.2	180.4	209.4	247.4	276.3	324.1	377.5	376.2	395.3	424.0
Electric Power Production	101.2	106.9	118.0	137.0	154.2	171.6	175.2	189.1	220.9	246.0	278.2	309.7	321.2
Metallics Production - Total	114.5	83.0	91.2	115.2	123.2	81.4	56.9	77.9	106.2	97.0	60.9	42.4	78.3
Mine Production - Copper	117.8	87.3	104.5	116.0	120.0	114.3	95.5	104.7	117.2	106.4	87.6	62.6	106.3
Mine Production - Lead	122.9	74.7	65.8	93.8	112.7	47.3	14.3	52.9	97.0	85.0	17.9	13.3	35.4
Mine Production - Zinc	108.3	76.6	74.4	118.5	133.0	34.9	0.1	39.9	91.4	85.3	23.6	12.1	36.0
Mine Production - Potash	106.4	96.7	109.3	135.9	163.8	190.0	207.3	229.0	249.7	271.4	254.4	288.9	308.6
All Farm Prices	107.5	98.9	109.1	139.7	118.4	93.5	89.7	85.8	81.7	92.8	104.9	105.8	97.6
Livestock Prices	104.5	106.5	118.9	153.6	123.3	91.0	90.1	85.9	81.1	93.7	114.0	114.5	103.3
Crop Prices	102.6	87.3	92.8	114.8	115.3	107.7	95.9	92.4	90.2	97.7	89.8	91.8	90.5
All Farm Marketings	103.0	105.8	114.2	130.2	115.2	102.7	99.5	87.9	109.4	102.2	122.1	137.4	123.3
Livestock & Products	107.6	101.0	120.1	153.0	113.8	85.1	84.3	81.8	99.3	105.2	128.3	131.0	121.1
Crops	96.3	113.1	105.4	96.1	117.4	128.9	122.2	97.0	124.5	97.6	112.8	146.9	126.5

Sources:
Retail Sales Data: N. M. Bureau of Revenue
Potash Production: N. M. Bureau of Revenue
Petroleum and Natural Gas Production: N. M. Oil Conservation Commission
Life Insurance Sales (New Ordinary): Life Insurance Agency Management Association
Wage Workers and Unemployment: N. M. Employment Security Commission and U. S. Department of Labor
Electric Power Production: Federal Power Commission
Metallics Production: U. S. Bureau of Mines
Farm Prices and Marketings: U. S. Agricultural Marketing Service
Bank Data (all series) and Building Permits: Bureau of Business Research, UNM
Business Failure Liabilities: Dun & Bradstreet, Inc.

Volume 14 Number 2: Section 2

New Mexico Business Is Published Monthly by The Bureau of Business Research College of Business Administration

The University of New Mexico, Albuquerque

Subscription Price Four Dollars Per Year

MEMBER: ASSOCIATED UNIVERSITY BUREAUS OF BUSINESS AND ECONOMIC RESEARCH

Entered as second-class matter January 31, 1949, at the post office at Albuquerque, New Mexico, under the act of August 24, 1912.

Ralph L. Edgel
Director

Vicente T. Ximenes
Associate Economist

Rudyard B. Goode
Statistician

Arthur A. Blumenfeld
Assistant Economist

Harold W. Corley
Field Representative

Margaret I. Meaders
Editor

Patricia A. Byrnes
Statistical Clerk

Shirley J. Huzarski
Records Supervisor

Sue A. Hawley
Statistical Clerk

Grace M. Martinez
Statistical Clerk

Bonnie E. Flowers
Statistical Clerk

Anita S. Park
Adm. Secretary

Louise M. Laval
Secretary

NEW MEXICO BUSINESS
Bureau of Business Research
The University of New Mexico
1821 Roma Avenue, N.E.
Albuquerque, N. M.